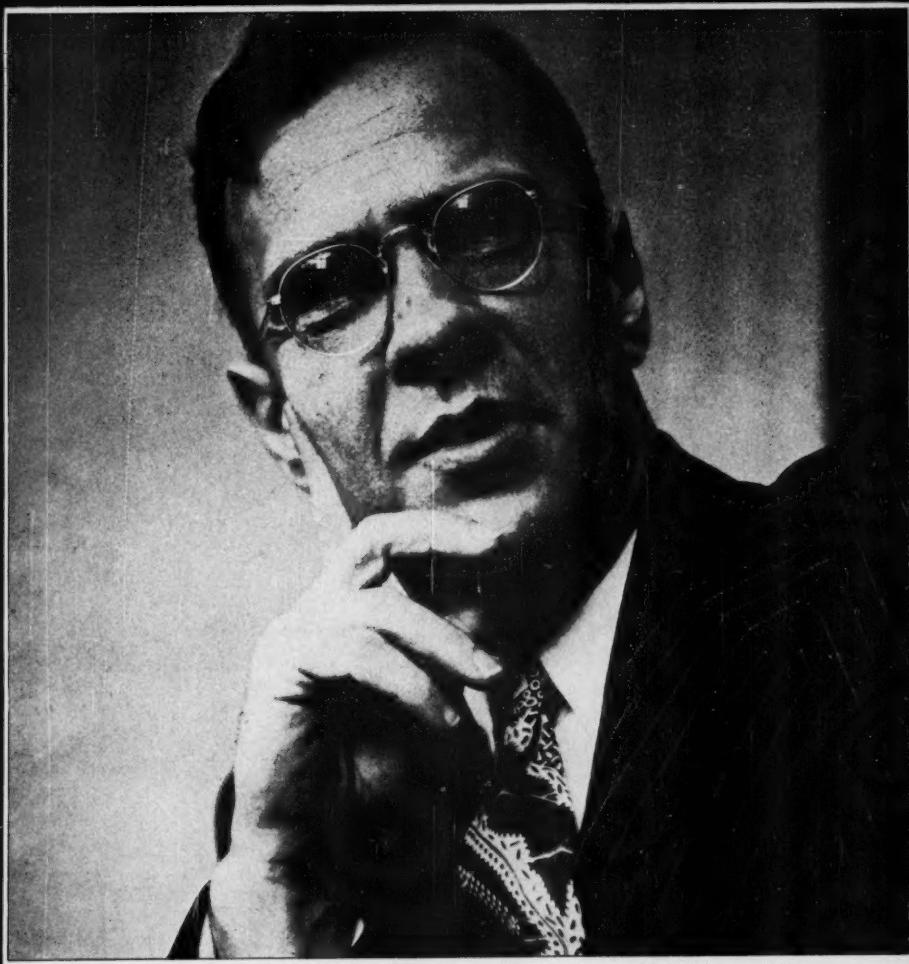


# BUSINESS WEEK

EVERY COMPANY NEEDS A  
**Baby CMP**

PAGE 102



William McC. Martin Jr.: "No air pockets in the markets" (page 56)

A McGRAW HILL PUBLICATION

JUNE 2, 1951

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Only National has  
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## Makes kids practical— what will Koroseal do next?

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THAT sort of activity is just normal for a school bus—but very tough on upholstery. Yet Koroseal upholstery has been standing it for years—and an easy wash still makes it look new again. Most dirt comes off with a damp cloth, but you can use soap and water as often as you wish. In seven years of use not one single Koroseal bus seat covering has ever worn out.

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In most forms it even resists flame—will burn only while actually held in flame, goes out when flame is removed.

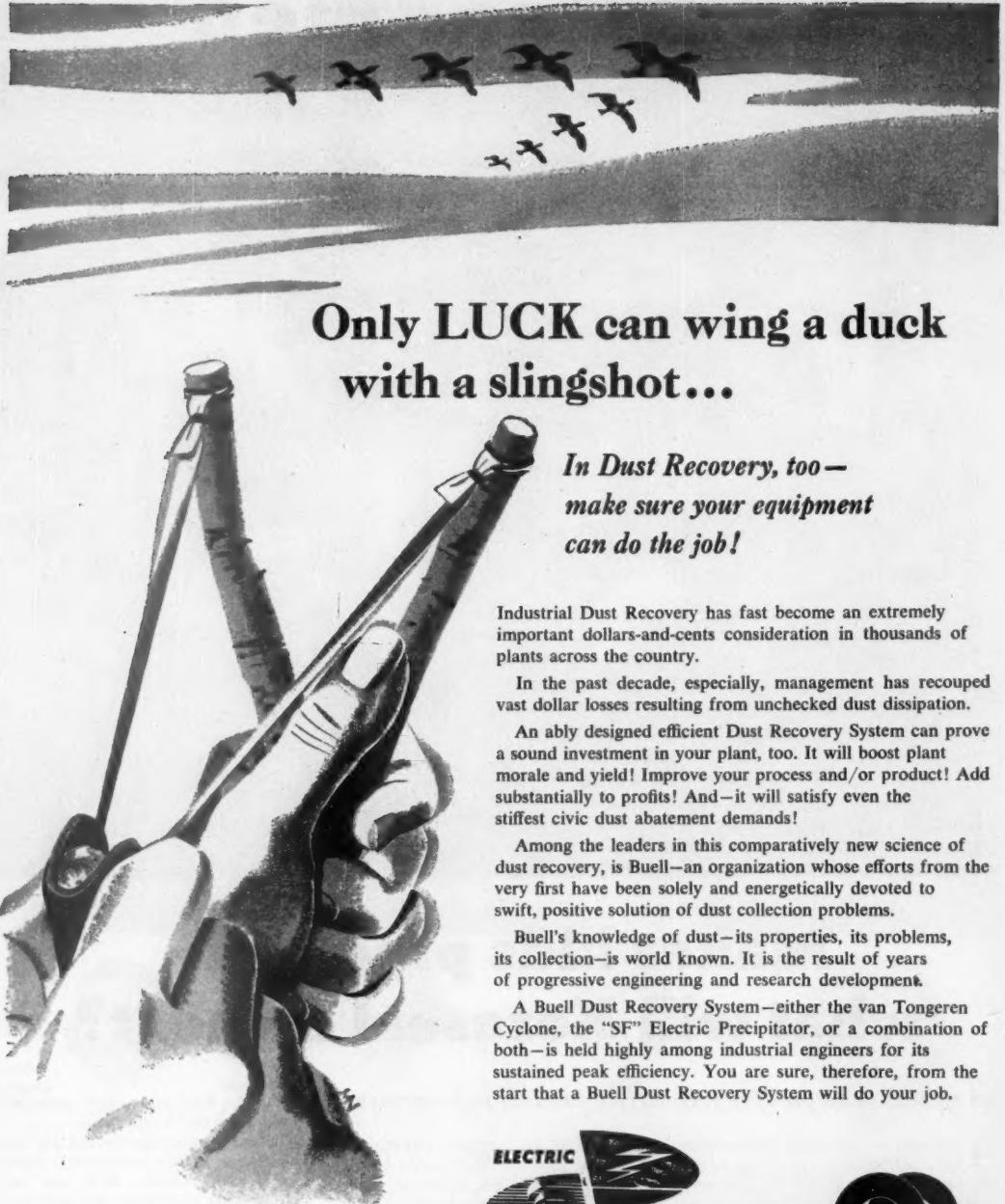
Bus seats upholstered with waterproof Koroseal are almost impossible to scuff, scratch or stain. Koroseal keeps its attractive finish, color and

appearance long after other materials would need to be replaced.

Current supplies are limited, but we invite inquiries from businessmen planning for the future. We'll tell you frankly what experience we have had in your field, and send samples for test or experiment if necessary. *The B. F. Goodrich Company, Koroseal Sales Department, Marietta, Ohio.*

Koroseal—Trade Mark—Reg. U. S. Pat. Off.

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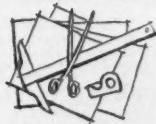
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He is your Shellmar Packaging Counselor—thoroughly trained, fully experienced. Not only does he know how to develop Successful Package Creations, but more important nowadays, how to get the most out of your *present* package . . . how to employ filling and sealing shortcuts to save you material, time and money.

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# interesting facts

RUST PREVENTIVES • WATER TREATMENT

GENTLE CLEANER cuts costs  
OF COACH WASHING BY 80%



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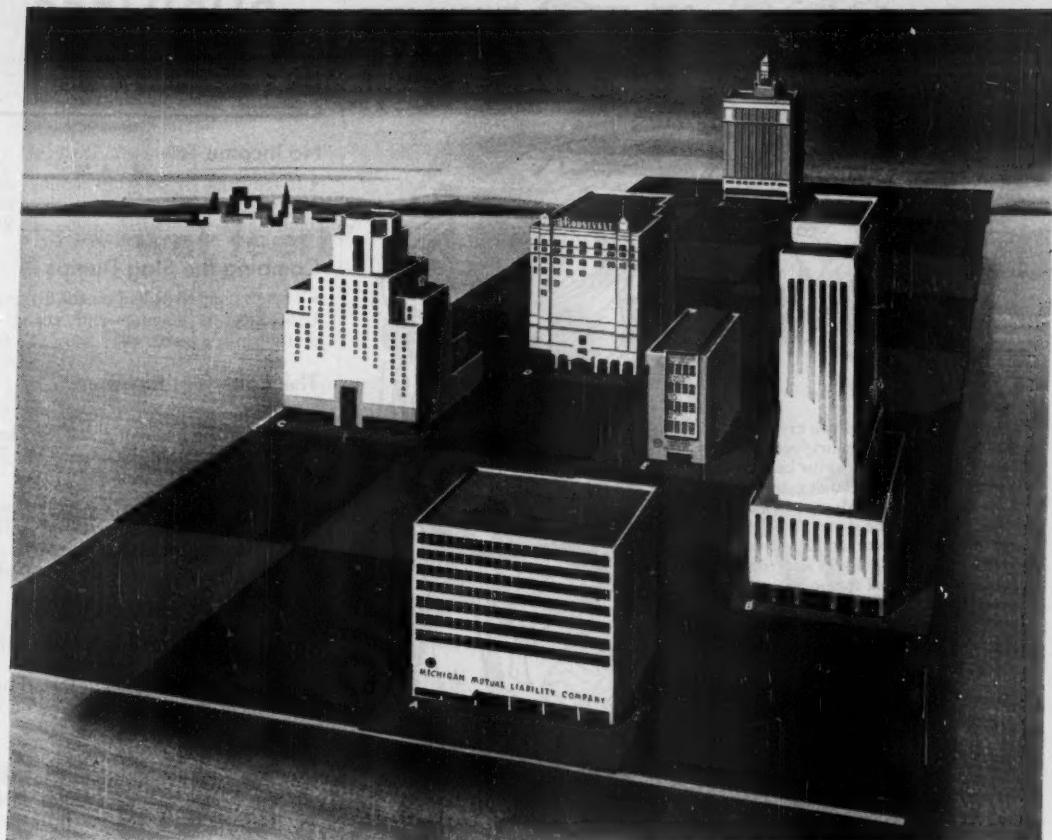
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DOW CORNING SILICONE NEWS  
NEW FRONTIER EDITION



## Tall Tale

Speaking of sparkle, did you ever hear how Mose Humphries trapped the sun and hauled it along at the head of the fireman's parade? Took a ton of elbow grease, but Mose polished engine No. 40 till she shined so bright the sun never did set that day—it was too busy bouncing back and forth between the bell and the boiler.

## to Fabulous Fact

Elbow grease used to be the most important element in any good polish—elbow grease and wax. Now polish makers add a Dow Corning Silicone product and save the elbow grease. In car polishes alone, that amounts to a net saving of about x-million tons of elbow grease so far this year. That's one of the peculiar things about these silicones. They spread themselves and polish without rubbing. Furthermore, they won't melt or freeze and they're more water repellent and more weatherproof than any organic materials. That kind of stability is one of the fabulous facts about all Dow Corning Silicone Products—fluids, greases, electrical insulating materials, resins or rubbers.



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that improve products and production  
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10c at all drug and tobacco counters.

# In BUSINESS this WEEK . . .

### No Income Tax

- If you work abroad, your earnings are exempt. But don't count on it; there are some big ifs. P. 94

### Combing the Slag Dumps

- There's scrap to be had for the digging. U.S. Steel is digging—and saving a pretty penny. P. 64

### The Poor Get Richer

- That means more customers to fill gap left by the dwindling rich. So markets are changing, broadening. P. 38

### It's an Old Story

- Copper was man's first metal. Figures of the Week tell the latest chapter of its long history. P. 47

### Wizard of Central Banking

- William McChesney Martin, young head of the Federal Reserve System, is one of few who understand that occult science. He grew up with it. P. 56

### Desert Boom

- Wealth comes to small towns in Utah on the heels of new uranium finds. Roads that bring ore out will carry tourists in. P. 78

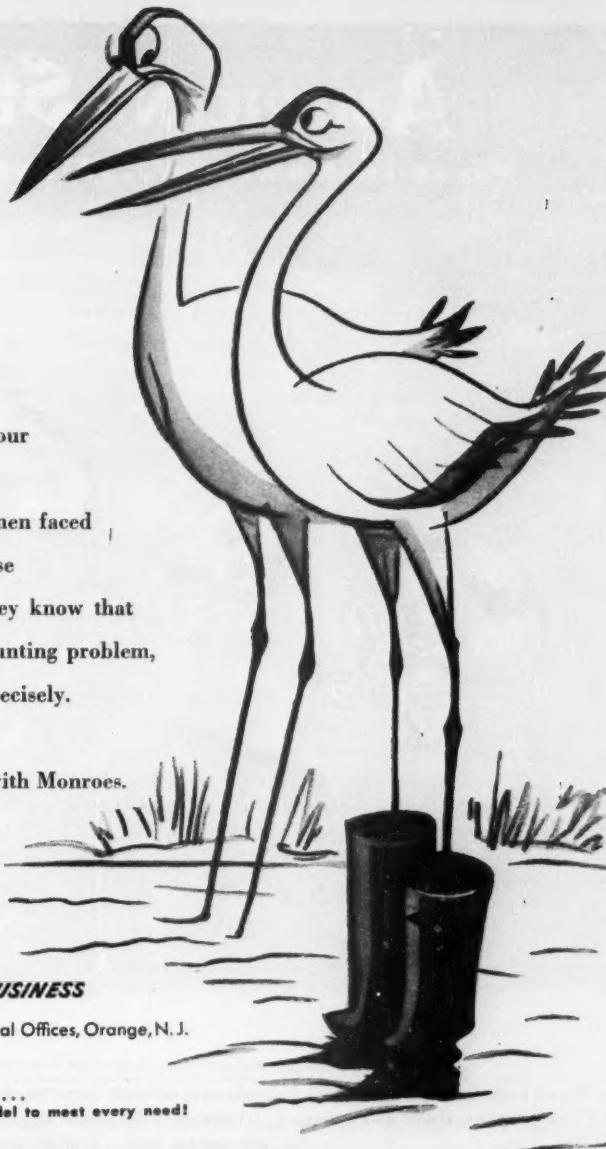
### That Second Cup

- Morning coffee klatsch costs business plenty in lost work time. Some companies save by circulating gallons of the stuff through the office. P. 54

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**"I hate  
wet feet!"**



These elongated creek canaries point a valuable business moral. To wit: nothing like knowing your weakness and how to overcome it. This, bird lovers, is why smart businessmen faced with figure problems invariably choose Monroes. Being smart businessmen they know that whatever their figuring or accounting problem, Monroe makes the model to meet it. Precisely.

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Yes, sir, with figures it pays to wade in with Monroes.

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**RHYTHM-ADD!** Operators rave about the effortless speed of Rhythm-add, give credit to Monroe design, "Velvet Touch" keyboard, and glareless cushion-top keys.

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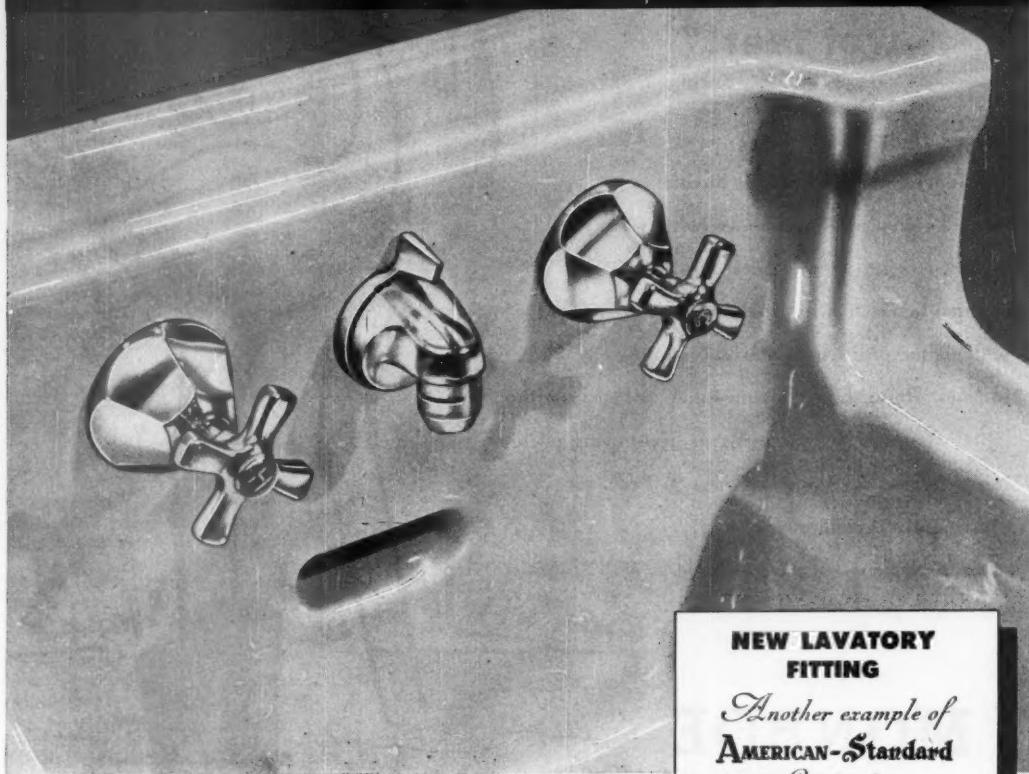


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# AMERICAN-STANDARD

First in heating...first in plumbing



## NEW LAVATORY FITTING

*Another example of  
AMERICAN-STANDARD  
Leadership*

• There's more to the gleaming lavatory fittings shown above than meets the eye.

Center of interest is the new combination supply and drain fitting. You've probably never seen one that's better looking. And you'll certainly not find one that's more conveniently located or easier to use!

Designed especially for American-Standard shelf-back lavatories (shown here on the Companion), this ultra-modern fitting combines supply spout

and drain control in a single unit.

The easy-to-flip handle ring controls the pop-up drain. A slight turn left opens the drain. A swing to the right and it's closed. The handy control knob is easy to grasp—even with soapy hands.

The new fitting also has a specially designed metal spout to which is added a Spring-Flo aerator—an amazing attachment which works wonders with water. By activating water with tiny air bubbles, the Spring-Flo prevents splashing. And there's no unpleasant

taste and odor. Finished in lustrous non-tarnishing Chromard, this modern fitting will glisten like new for years with minimum attention.

The improvement of an apparently simple product like a lavatory fitting is but another example of the importance American-Standard places on seemingly little things. And another reason why more homes have heating and plumbing by American-Standard than by any other single company.



American Radiator & Standard Sanitary Corporation, General Offices: Pittsburgh 30, Pa.

Serving home and industry: AMERICAN STANDARD • AMERICAN BLOWER • CHURCH SEATS • DETROIT LUBRICATOR • NEWARK BOILERS • ROSS HEATER • TOWNEWOLD IRON

# BUSINESS OUTLOOK

BUSINESS WEEK

JUNE 2, 1951



Don't take the two-month standstill in the cost of living too seriously.

It's no surprise that April, like March, showed only a small rise (BW-Apr. 14'51,p10). The reason is simple. Food, the fastest-moving and most heavily weighted component in the index, was standing still.

But that has changed since. Even though food prices normally move down at this time of year, they have turned up recently.

Thus the May cost-of-living index, when compiled, will be up a bit.

OPS is "thawing" the price freeze—and that points the way toward higher prices.

It goes like this: While costs were rising, distributors were stuck with a price ceiling. But now wholesalers are allowed to add cost increases (on products covered by the general price order) from Jan. 26 to May 28. Then retailers just apply their customary percentage markups.

Construction continues a strong spot in the economy even though home building is lagging.

Builders took on 127,000 workers between March and April. That brought total employment in contract construction to 2,451,000—375,000 over a year ago, and topped only by three postwar months.

One sure bet to keep setting new records: government employment.

The 80,000 rise in nonfarm employment between March and April is matched almost exactly by a rise in government employment of 75,000.

Employees of federal, state, and local governments, 6.3-million strong, are now above even the peak wartime levels. In one year's time "civil servants" number 377,000 more.

Even with cutbacks (page 25), auto production is still running along at a pretty handsome pace—in the face of a sales slump, layoffs, and the ubiquitous materials shortages.

Output in May was probably the best since last October.

When the first half is finally over, more than 3-million passenger cars will have been built—just a fraction less than the same record-breaking period last year.

Cutbacks in autos will not mean a corresponding drop in employment and production. Charles E. Wilson, president of General Motors, says that GM's military production—only \$95-million in the first quarter—will be running at a tidy \$1-billion annual rate by the end of the year.

And of the auto makers, GM alone has over \$3-billion in defense orders in the kitty.

It's ancient history now, but if you want to see how quickly sluggish retail sales worked back to the factory look at the April figures for production of some of the consumer durable goods:

TV set production off 13% from a year ago; vacuum cleaners off 22%; washers off 12%; ironers off 25%.

It's even a bigger drop than it looks. First-quarter output was well above 1950.

Lagging consumer durable production does have a couple of beneficial side effects—tough as it is on the sellers of these goods.

With disposable income running at record rates, a slowdown in sales

# BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

JUNE 2, 1951

means that consumers are building up savings—which is a frontal attack on inflation.

And declining demand for consumer hard goods takes the edge off government materials cutbacks. Manufacturers are not going to worry so much about cuts in supplies if their customers are buying less of the final products anyway.

For the first time since 1949 there is some mention of easing in steel supplies. A number of steel executives have voiced the possibility that shortages may be over quicker than most people realize—this year in fact.

Lessened pressure on steel would help ease in the Controlled Materials Plan. If there is enough metal in the "free" steel supply, consumer goods manufacturers won't have to worry about coming in under the government allocation program. And there would be that many less complications for the controllers.

But meanwhile, steel is still tight. Some of the auto companies, Champion Spark Plug, and Servel—among others—are laying off workers because they say they can't get the steel.

Iron Age doesn't see the industry being able to take a deep breath until 1952.

Slowdown in the number of inductions signals the fact that the armed forces are just about to reach their manpower goals.

In January the draft called for 80,000 men. In June 20,000 are wanted—and for July only 15,000 draftees are scheduled to join the services.

The target is 3½-million men in the armed forces. And we're close to that right now. Perhaps less than 250,000 men will close the gap.

Since Korea, 2-million men have changed from civvies to uniforms.

A slower rate in the buildup from now on will give the labor force a much-needed breather.

The military has been gobbling up recruits over twice as fast as new entrants come into the labor force.

King Cotton's year, which ends on July 3, is bound to rank among the best (even though use of the fiber is down from the peak).

For the first nine months of the season, mills' consumption of cotton totaled 8,232,461 bales. The figure for the same period a year earlier was 6,683,316 bales—which isn't bad by normal standards.

For the 12 months, the total is bound to top 10-million bales. The best prewar season was 8-million; the 1946-47 cotton year has been the peace-time record breaker up to now, with 9.8-million bales.

April consumption, at 981,000 bales against 912,000 in March, looks high. But March had five Saturdays plus Easter.

On a daily basis, April went 39,000 against 45,600 in March.

To hasten the burial of manufacturers' price fixing, Macy's—arch enemy of "fair trade"—lost no time in starting the ball rolling; it cut prices on 6,000 fair traded items to start with.

The price breaks couldn't have happened at a better time.

Retail sales have been poor for three months. Inventories are higher than they have ever been.



Photograph by Barton Murray

# "What happened to all the crabgrass?"

Crabgrass is rapidly becoming a pest of the past for thousands of home owners today. For the news is traveling fast that the new crabgrass killers containing *potassium cyanate* are remarkably effective.

Extensive tests by Agricultural Experiment Stations and turf specialists prove that these new contact sprays, when used properly and at the right time, control crabgrass without damage to valuable turf grasses. Timely applications even protect next year's lawn by preventing crabgrass seed production, the source of new growth. Moreover, *potassium cyanate* sprays are harmless to children and pets...and can be easily and quickly applied.

*Potassium cyanate* for crabgrass control is a research development of American Cyanamid's Agricultural Chemicals Division. The basic material is sold to manufacturers who distribute crabgrass killers nationally under their own brand names. It is another of many Cyanamid chemicals that are helping to lighten tasks and improve production for both the farmer and the home gardener.



AMERICAN *Cyanamid* COMPANY

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*Materials for agricultural and horticultural industries—among the many industries served by Cyanamid*



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to retain this freedom.

Now is the time to speak  
out. Expose the parlor-pinks  
who use free speech  
to destroy FREE MEN.

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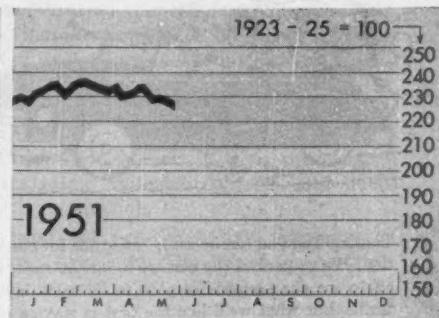
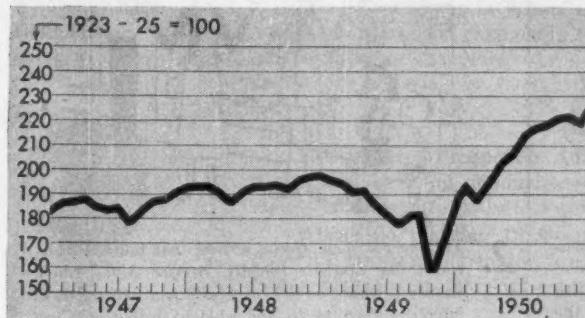
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Consult Your Newspaper for Time and Station

# FIGURES OF THE WEEK



## Business Week Index (above) . . . . .

Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
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### PRODUCTION

Steel ingot production (thousands of tons) . . . . .	2,053	2,071	2,079	1,935	1,281
Production of automobiles and trucks . . . . .	160,405	†156,127	162,740	186,249	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands) . . . . .	\$43,366	\$38,880	\$45,301	\$38,537	\$17,083
Electric power output (millions of kilowatt-hours) . . . . .	6,653	6,559	6,674	5,894	4,238
Crude oil and condensate production (daily av., thousands of bbls.) . . . . .	#	6,177	6,154	4,993	4,751
Bituminous coal production (daily average, thousands of tons) . . . . .	1,620	1,603	1,772	1,624	1,745

### TRADE

Miscellaneous and l.c.l. carloadings (daily av., thousands of cars) . . . . .	79	79	79	72	82
All other carloadings (daily av., thousands of cars) . . . . .	56	56	56	52	53
Department store sales (change from same week of preceding year) . . . . .	+4%	+3%	+1%	-2%	+30%
Business failures (Dun and Bradstreet, number) . . . . .	191	171	162	214	217

### PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100) . . . . .	492.6	†496.9	517.1	390.0	311.9
Industrial raw materials, daily index (U.S. BLS, Aug., 1939 = 100) . . . . .	347.7	350.8	360.5	234.4	198.8
Domestic farm products, daily index (U.S. BLS, Aug., 1939 = 100) . . . . .	385.3	†393.1	406.7	327.9	274.7
Finished steel composite (Iron Age, lb.) . . . . .	4.131¢	4.131¢	4.131¢	3.837¢	2.686¢
Scrap steel composite (Iron Age, ton) . . . . .	\$43.00	\$43.00	\$43.00	\$37.25	\$20.27
► Copper (electrolytic, Connecticut Valley, lb.) . . . . .	24.500¢	24.500¢	24.500¢	20.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.) . . . . .	\$2.34	\$2.37	\$2.44	\$2.26	\$1.97
Cotton, daily price (middling, ten designated markets, lb.) . . . . .	45.20¢	45.25¢	45.25¢	33.50¢	30.56¢
Wool tops (Boston, lb.) . . . . .	*	*	*	\$2.25	\$1.51

### FINANCE

90 stocks, price index (Standard & Poor's) . . . . .	168.2	†170.7	178.1	148.5	135.7
Medium grade corporate bond yield (Baa issues, Moody's) . . . . .	3.42%	3.40%	3.38%	3.26%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate) . . . . .	2 1/4-2 1/2%	2-1 1/2%	2-2 1/2%	1 1/2-1 1/4%	2-1 1/2%

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks . . . . .	#	49,574	49,870	46,933	††45,210
Total loans and investments, reporting member banks . . . . .	#	69,392	69,756	66,689	††71,147
Commercial and agricultural loans, reporting member banks . . . . .	#	19,164	19,198	13,377	††9,221
U. S. gov't guaranteed obligations held, reporting member banks . . . . .	#	30,339	30,750	36,251	††49,200
Total federal reserve credit outstanding . . . . .	23,411	23,913	23,789	17,683	23,883

### MONTHLY FIGURES OF THE WEEK

Cost of Living (U. S. BLS, 1935-1939 = 100) Old basis . . . . .	April . . . . .	184.5	184.5	167.3	139.3
Wholesale price (U. S. BLS, 1926 = 100) . . . . .	April . . . . .	183.5	184.0	152.9	121.1

► See page 47.

†Not available at press time.

\*Preliminary, week ended May 26.

††Estimate (BW—Jul. 12 '47, p16).

Revised.

★No trading at OPS ceiling price—\$3.35.  
Date for 'Latest Week' on each series on request.



- 1.** Touring Ted and family said: "It's time for our vacation. We've packed the car, we're on the road, we're off to see our nation! We plan to fill each day with thrills, but what we'll like the best is staying at the Statler—where you really *are* a guest!"



- 3.** "From fixing babies' formulas to cooking adult dishes, the chefs at Statler have no peers; each meal is just delicious! They've special children's menus, special plates and silver, too, and, thrill of thrills for any child, balloons when they are through!"



- 5.** And when at last it's time to go, our happy touring bunch is overjoyed to find that Mom has ordered a box lunch. The "Service Aide" has maps they need to plan their trip that day. And Touring Ted cries: "Tourists—the Statler's where to stay!"



- 2.** "They've got some special services that tourists really cheer, like Statler's friendly 'Service Aide,' who'll serve you while you're here. She'll point out points of interest—where to go, and what to do—or help you plan a happy day at ball park, beach, or zoo."



- 4.** "The Statler sends a bowl of fruit as gift for little guests. And Statler's famous beds (or cribs) insure them all-night rests. If touring parents want to leave to dance, or stroll around, they get a Statler sitter who'll keep children safe and sound."



STATLER HOTELS: NEW YORK • BOSTON • BUFFALO • DETROIT

CLEVELAND • ST. LOUIS • WASHINGTON

STATLER-OPERATED: HOTEL WILLIAM PENN • PITTSBURGH

\*  
ANOTHER GREAT NEW STATLER—LOS ANGELES

(NOW UNDER CONSTRUCTION • READY FOR OCCUPANCY 1952)

# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
JUNE 2, 1951

The first shakeup in Wilson's mobilization agencies is under way. This will mean no radical changes in top mobilization policies. But it involves shifts of power that should be noted by businessmen who look to Washington for materials or want help on expansion plans.



The Defense Production Administration is out. This is the agency that rides herd on production—including material controls and such aids to expansion as loans and quick amortization.

Wilson isn't killing DPA—at least not yet. But he's trimming it down by transferring major functions to others. The hoped-for results: faster decisions on material controls, especially on allocations.

The Controlled Materials Plan is going over into the National Production Authority headed by Manly Fleischmann. Up to now, NPA has had to look to DPA for policy decisions on material controls. Wilson made the shift after DPA faltered on getting CMP set to run July 1.

Control of expansion aids may go to Symington, the new Reconstruction Finance Corp. boss. Symington wants them—five-year amortization, as well as direct loans. DPA has had the say on who gets how much amortization and what defense expansion loans are passed out through RFC.

DPA's acting chief Gibson will leave—he took the job temporarily, when William H. Harrison resigned. Whether Wilson retains even a stump of DPA hasn't been decided. The entire agency may be merged with NPA.

James F. Brownlee is slated for Wilson's staff. He was with OPA as Bowles' deputy. He's on the board of several companies, including R. H. Macy, American Express, Pillsbury Mills. Labor "accepts" him.

A merger of the mobilization agencies into a single unit isn't likely. The talk pops up from time to time. But the odds are against any such move, short of all-out war. The regular government agencies are getting deeper and deeper into the program and will be hard to pry out.

Lines getting more third-quarter steel than they used a year ago include: oil industry, up 14%; public roads, nearly 100%; freight cars, 72%; locomotives, 44%. (Increases for others are yet to come.)

Lines getting as much steel as a year ago include mining machinery, industrial equipment, shipping containers. (This list isn't complete yet.)

Lines being cut the hardest: autos, 35% under first-half-of-1950 rate; home appliances and other consumer durables, down 30%.

Total defense take of 1951 steel now is figured at 29-million tons of finished product. Of this, 7-million tons will go to the military and direct defense needs; 22-million tons are for "supporting" lines.

Steel left for civilian use is figured at 51-million tons. That will mean a sharp cut below recent consumption rates. But over-all, it doesn't add up to real austerity. In 1949 total consumption came to only 58-million tons of finished steel—total for the whole economy.

# WASHINGTON OUTLOOK

(Continued)

WASHINGTON  
BUREAU  
JUNE 2, 1951

**Industrial construction:** You will have trouble getting an O.K. for steel-using projects unless you can show defense essentiality. The instructions sent to NPA field offices are tough (page 128).

**Housing:** Builders say starts this year may not reach the 800,000 goal. Some federal forecasters still talk in terms of nearly 1-million starts. So the housing agencies and the Federal Reserve Board will survey prospects anew. Any easing of home credit curbs will depend on what they find.

**Government bond market:** has been showing firmness without support by the reserve banks. However, odds still are against new long-term issues by the Treasury this year. The Treasury will go ahead with its program to rely on short terms until the market is more settled.

The tax bill timetable calls for House passage around midmonth and Senate action by early August (when Congress hopes to recess).

**That's too optimistic.** It probably will be September or October before Congress gets the bill finally shaped up and you see what the law will take out of your pocket and out of your business.

**The 12½% tax rise on individual incomes** voted by the House committee probably will be cut in the Senate. And it may be given a defense tag, so it can be advertised to the voters as "temporary."

**Reduced excess profits credit—75%** instead of 85% of the base—faces tough going. It's a CIO idea (high taxes make raises easier).

**Public vs. private power:** There's a chance that the 3½% tax on receipts from retail sales of electric power will be extended to the publicly owned systems, cutting their tax advantage. But it's a fight.

**Retail price maintenance:** Chances are Congress won't vote a new law to plug the hole the Supreme Court made in the so-called fair trade laws. The Miller-Tydings Act was a depression measure, aimed at price slashing. And there's little inclination to bolster it while times are good.

**Official strategy in the fight for tough control legislation** is shifting. Hence it may be months before changes are acted on.

**Publicly,** the Administration still maintains it wants a rewrite—a tightening—of price controls, plus wider rent control.

**Privately,** officials are passing the word to Truman's leaders in Congress that a 90- or 100-day extension of the present law would be satisfactory. They know Congress won't vote a tightening now. And they figure that by fall price pressures will be on the rise and that threats of higher living costs might bring Congress around to a tougher law.

**What happens if the Korean fighting folds suddenly?** That's a question asked all over Washington as "peace" rumors make news.

A cease-fire would be a jolt, of course. But it wouldn't mean a prolonged mobilization reversal. Arms making wouldn't be slashed, though it would become increasingly difficult to maintain the pace. Remember: Rearmament is aimed at Russia, not Korea. And right now, the prospect is that Russia will keep us under pressure for a long time to come.



**Lighter-than-air  
piloting  
made LIGHTER!**

Sperry A-12 Gyropilot takes over flying responsibilities for the two pilots necessary to the operation of the Navy's K-type airships.



► With the Sperry A-12 Gyropilot\* aboard, pilots of the Navy's K-type airships will now be able to concentrate on the important task of directing search and rescue operations. For in the past, two human pilots were kept busy with the tough job of handling these craft . . . constantly moving controls to keep the ship on course and at the desired altitude. The Gyropilot not only relieves the human pilots of this strain but considerably increases the accuracy of navigation.

► Due to its electronic rate circuits, the Gyropilot prevents over-control, guides the ship with much less control surface motion and steers what for an airship is virtually a deadbeat course *even in rough air*.

► With the installation of this auto-

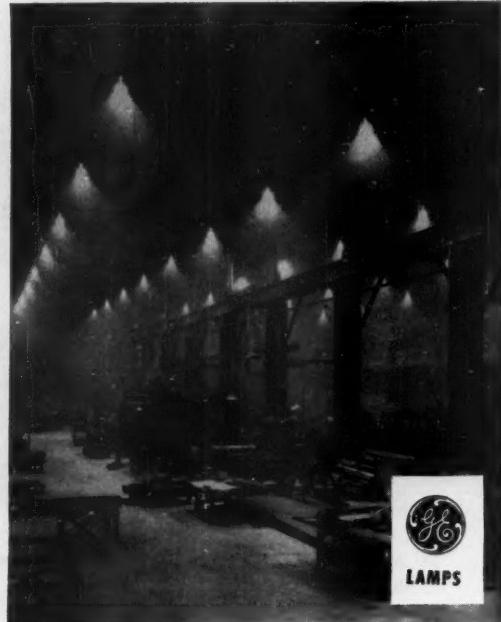
matic pilot on the entire fleet of K-type airships operating out of the U. S. Naval Air Station at Lakehurst, N. J., the human pilots can devote more time to the scientific patrolling of coastal waters . . . to the accomplishment of arduous missions with accuracy.

\*TRADE MARK REG. U. S. PAT. OFF.

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# New High-Powered G-E Lamp for your High-Bay Areas!



*General Electric R-52 lamp stays bright  
in dirt and smoke without cleaning*

THIS new General Electric R-52 bulb is specially designed for lighting dusty, smoky plant areas where high-bay mounting makes lamp cleaning difficult—such as foundries, welding shops, steel mills, railroad car shops.

Its high wattage—500 and 750 watts—puts plenty of light on your job from the highest mounting. And its special design prevents reduction of light output due to dust deposits. Photo at right above shows the new R-52 lamps in a new installation at the Gemco Engineering and Manufacturing Company, Woodlawn, Ohio.

You don't need auxiliary reflectors with this lamp. A mirror-like reflecting surface on the inside of the bulb itself projects the light downward. Even though airborne

dust and dirt gathers on the sides of the lamp it can't cut down light output. That's because little or no light-obstructing material collects on the bottom surface—where the light is emitted. As a result, you don't have to clean the lamps.

If this new lamp can help solve a lighting problem in your plant call your nearest G-E Lamp sales office.

For a free copy of a new illustrated bulletin, "Planned Lighting for Industry", write General Electric, Lamp Department, Div. 166-BW-6, Nela Park, Cleveland 12, Ohio.



*You can put your confidence in—*

**GENERAL ELECTRIC**



• Leon Keyserling has brought to focus a deep split among the New Deal liberals.

• It's important to businessmen, because New Deal thinking still strongly influences Administration policy on controls, taxes, mobilization.

• The issues show up sharply in Keyserling's . . .

## New Targets for New Dealers

The descendants of the old New Dealers are feeling around for a policy they can agree on.

So far, they haven't got one. Right now the talk centers around a speech Leon Keyserling made to the Washington meeting of Americans for Democratic Action, the unofficial club of the New Deal crowd. Two things have focused attention on the speech Keyserling made:

• Keyserling, the chairman of the President's Council of Economic Advisers, is the intellectual spokesman of those New Dealers still active in the Administration. What he says is a pretty good indicator of Administration thinking.

• What he told the ADA, in effect, was to forget the standard list of New

Deal objectives, concentrate on national unity, higher production.

• Since Korea — Essentially, it was Korea that created the problem that Keyserling and the other New Dealers are facing. The sudden call for mobilization derailed the social program they had begun way back in 1933.

What should a liberal believe today? That question has had even the most sophisticated of them stumped—and split among themselves.

• No Ivory Tower—Many have sublimated the liberal economic program by jumping whole hog into foreign policy. This way they can forget details, just concentrate on goals.

But the liberals who still hold authority in Washington think they can't afford the luxury of a global ivory tower.

Union leaders, the Fair Deal wing in Congress, and the economic experts have been too plagued with dollar-and-cents problems to hide that easily.

They have to take a stand on price and wage controls; on how much control over mobilization must be turned over to conservative businessmen; on the price the U. S. must pay to get the expansion of industry it needs to oppose the Soviets; on how much of the welfare program must be "suspended" for the present time.

• **Business Significance**—What liberals decide, and the influence they have on Administration policy, are of more than academic interest to business. Suppose, for example, that Truman should adopt as policy the widely held liberal view that the tax relief of accelerated amortization is a giveaway and must be scrapped. Business would feel the effect quickly—and have to adjust expansion plans drastically.

Issues like this one are coming to a head within the liberal camp. They have been getting hotter ever since the Americans for Democratic Action met to organize an anti-inflation lobby late in May.

• **New Maxims**—In the face of these troubling questions, Keyserling came up with his new maxims for liberals. They seemed to add up to something a lot milder than the crusading principles of the past. Keyserling acknowledged that; in defense he argued that today's problems are out of time and place with the objectives of the 1930's.

These are the new maxims that he offered:

• **New Circumstances Require New Solutions.** The U. S. is not now fighting either a worldwide depression or a worldwide war. Many of the economic programs and approaches of the past 18 years are not relevant to the present time.

• **We Must Accent Production.** There must be more output, rather than just dividing up what we already have. We must gear every control and stabilization policy to serve the basic purpose of stimulating production. We must not let any zeal for controls for their own sake impair the productive process.

• **We Must Look at the Whole Problem** and fit the parts together toward an overall production effort. A price and wage policy can be successful only if it is geared to production and resource use. Specialized programs could descend to the level of harmful

tinkering with the economy if they are not guided toward production.

• **Liberals Must Never Deviate From Intellectual Honesty.** There must be continued interest in the welfare of the common man. But we must at times refrain from promising him the moon and green cheese. Every liberal should be very careful to distinguish between laudable peacetime social objectives and what can be accomplished in the first years of mobilization.

• **Criticism Must Be Based on Facts.** Some of the recent criticisms of fast tax amortization—that terms are too generous, favor the large against the small—have not been founded on adequate study. The acceleration program has achieved as much per dollar of cost as other segments of the defense effort. It is not fair to criticize this program on the ground of the traditional division between big and small business.

• **Liberals Should Seek to Unite Rather Than to Divide the People.** It was an unhappy byproduct of the great gains made during the New Deal that there was some excessive ranging of the worker against business, and the large against the small.

The speech set liberals to buzzing. Some could take issue specifically. Indeed, James Carey, secretary of the CIO, had made a speech earlier damning in ringing tones the "racketeers of inflation," the "racketeers of speculation," the "tax racketeers."

• **Needling** — Many were wondering what was behind Keyserling's words. Whatever he was up to, his line was not received enthusiastically. He met a volley of questions about government policies before the conference was over.

Gus Tyler, political director of the International Ladies Garment Workers Union, argued that, unless the Administration puts a stop to the inflation now building, it will bring about a mass reshuffling of wealth—"undealing" over the coming years the New Deal of the last 18 years.

As an economist, Keyserling knows the answer to that: War and inflation over the past years have had exactly the opposite effect (page 38).

• **Realignment** — As long as they feel they must stake their lot with the Democratic Party, liberals will tailor their wants to the Truman program. He may not be the best standard-bearer for liberalism, they feel, but to date he can get the most votes.

This does not mean that a few aren't still dreaming about a political realignment. Gus Tyler told the ADA meeting: "It is my suspicion that the strategists of congressional conservatism, Taft and Byrd, have, for some time, been thinking of a realignment along conservative lines. Isn't this the time for liberals to plan the countermoves?"

## ABC Wed at Last

Only FCC approval is needed to seal its merger with Paramount. One view: Movies are moving in on TV.

The ABC-CBS-IT&T-United Paramount merry-go-round finally stopped last week. If the Federal Communications Commission puts its stamp of approval on the deal that finally emerged from several weeks of in-and-out negotiations, there will be a powerful new force in entertainment: American Broadcasting-Paramount Theaters, Inc.

The plan as it now stands, calling for a merger of ABC and United Paramount, has these outstanding points:

• The ABC radio and television network will remain intact—instead of being broken into pieces, as it would have been under the original Columbia Broadcasting System proposal (BW—May 12 '51, p21).

• CBS, though no longer a major participant, will pick up the present United Paramount TV station in Chicago. (IT&T is out entirely.)

• The dominant partner in the merger is Paramount—which means that the movie industry has finally moved into TV and radio in a large way.

For a while it looked as though the ABC-Paramount dealings had fetched up on the rocks (BW—May 19 '51, p26). ABC's board chairman, Edward J. Noble, said that he had turned down United Paramount's offer "because we are interested only in a real partnership." But, according to Noble, United Paramount has since sweetened the common-stock kitty. Now ABC stockholders are slated to be paid about half in common stock of AB-PT, the rest in preferred. Value of the stock to be received by ABC stockholders has been estimated at \$25-million.

Under the present plan, Leonard H. Goldenson, president of United Paramount, will become president of the AB-PT, while Noble (the biggest single stockholder) will take over as chairman of the AB-PT finance committee. Robert E. Kintner, now president of ABC, will carry on as president of a new ABC division.

• **New Board** — Other aspects of the proposed merger show more clearly where the power will lie. On the new AB-PT board will be 13 members from United Paramount, only five from ABC. At least two significant personnel shifts will be made: Robert H. O'Brien, who has headed up television for United Paramount, will move over as executive vice-president of the ABC division; Robert W. Weitman, managing director of the Paramount Theater in New York City, will direct programming and talent development at ABC.

• **Takeover** — Observers figure that this will undoubtedly give radio and TV something they badly need at this point—a bracing shot of movie showmanship. It marks, they think, the beginning of the movies' takeover of radio and TV. And it presages still other deals between other TV and radio networks and Hollywood concerns.

There is one big question still pending: Will FCC approve the deal?

• **Close Look** — The consensus at this point is that FCC will approve—but only after it and the Justice Dept. have scrutinized the whole thing. They will want to be sure that there are no longer any ties between United Paramount and its former parent company, Paramount Pictures (which owns a large chunk of DuMont stock). Furthermore, the government realizes that the ABC-UP deal will set a precedent for future movie-network mergers.

As for CBS, it at least gets one more TV station out of the deal if everything goes all right. This will be station WBKB in Chicago, owned by a United Paramount subsidiary, Balaban & Katz. ABC has its own Chicago TV outlet; under FCC rules, the new company would have to divest itself of one or the other station. CBS will pick up WBKB for a reported \$5-million to \$6-million.



## The Last of the Ritz

New York's famous Ritz-Carlton hotel, slated for the wrecker's sledge, has auctioned off its furnishings. Former guests, full of sentiment, and bargain hunters, full of hope, packed the sale in the Palm Court. Here two of the auctioneer's assistants check off odd lots that will soon go under the hammer. A business building will replace the hotel.

# Aluminum Program: Rising

**Chapman calls for 188,000 tons more capacity. Mobilizers face triple trouble: Celler committee demands new producers be used. But they lack capital. And power is scarce.**

With a sharp pitchfork at your coat tails, you wouldn't care which prong hit you first—you'd just keep jumping. Government officials in charge of aluminum this week were ready to jump some more.

Their expansion program had already felt the fork's three prongs: the Celler antimonopoly committee; lack of financing for new producers; and a shortage of power. Right now the officials are picking up Interior Secretary Oscar Chapman's new goal of 188,000 tons additional capacity and jumping once more.

• **The Record**—This time they hope to escape all three prongs. But on the record their chances of getting poked again look better than fair. That gloomy record began five months ago when mobilization officials approved 446,000 tons of new production. Here's how the prongs jabbed into that program:

- Lack of financing for new producers has already caused 54,000 tons to drop out. Another 72,000 tons is still hunting for money, with a deadline this week breathing on its neck.

- Scarcity of power snagged 85,000 tons until just recently, cost time that can't be made up.

- The Celler committee says the whole program is a mess and has told the mobilizers sharply to come up with some new producers. That prong goes in extra deep, with the troubles that new producers have in raising capital. The new producers recruited in the first expansion just haven't got started, unlike the established firms—Alcoa, Reynolds, and Kaiser.

Of the newcomers, Apex Smelting Co. has thrown in the sponge with its 54,000-ton program. Apex said government contract terms made it impossible to get financing. And Harvey Machinery Co. is still trying to get money for its 72,000-ton project near Hungry Horse Dam in Montana.

- **Amortization**—For both Apex and Harvey, the government's terms include 100% fast amortization (compared with around 80% for established firms), plus a guarantee to buy output for five years at the market price for pig.

That's not so rosy as it sounds. The market price—the average of Alcoa, Reynolds, and Kaiser—is 18¢ a lb. A going plant can produce at that figure, but Apex figured that at present costs a new plant would have to sell at 23¢. Apex also said that the government

terms had forced the price of financing up to 6%, too high for competition.

There's another catch to the new-producer angle. The Celler committee insists that the newcomers be nonintegrated—that they sell pig or ingot, not fabricated shapes. The idea is to insure the multitude of small fabricators with a sure supply of pig and ingot. But actually, that's not too attractive a prospect for the producer. His percentage of profit is the same as on fabricated shapes, but the percentage is based on lower value pig and ingot. Of course, the bankers know that; it makes financing still more difficult.

All these figures are cold comfort to the aluminum mobilizers as they cast up the tally of progress on their original 446,000-ton program and wonder where to place the new 188,000-ton extension.

- **Progress**—On the original program, established producers show this progress:

- Kaiser is in the first steps of building 100,000 tons of capacity at New Orleans. Production would be for late next year at the earliest.

- Reynolds has 25,000 tons of capacity scheduled for production in July at Jones Mill, Ark. Its 75,000-ton project at Corpus Christi has a December-January production target. But trouble in getting pipe for gas lines may force a postponement.

- Alcoa expects production some time next year at its 35,000-ton project at Point Comfort, Tex. Last month it finally ironed out the power problem that had delayed its 85,000-ton plans at Wenatchee, Wash. (BW—May '51, p140).

All these projects are having trouble getting structural steel. And that problem will be lying in wait for the new expansion program when Chapman picks the companies that will share the 188,000 tons—plus the 54,000 tons that Apex gave up from the first program.

- **No Rush**—The established producers are in no rush to share in it. Kaiser offered to take 100,000 tons, expanding its Mead (Wash.) plant. When Chapman said no—because of power scarcity in the Pacific Northwest—Kaiser agreed to further expansion in New Orleans.

Reynolds wants approval for a 25,000-ton expansion of its Longview (Wash.) plant. It already has a power commitment. Alcoa is lying back; it will get in the program if asked to, but it's not crowding for a place.

On paper, the Defense Minerals Administration will have no trouble placing all the extra expansion. The problem is to keep free of the three-pronged pitchfork. It has to find companies that will satisfy the Celler committee's yen for new producers; that can get financing; and that will locate in areas where power is available.

- **New Entries**—Right now the likeliest new-producer candidates for government aid are:

- United Aluminum Co., Inc., which would like to operate with Gulf Coast gas. Its financing outlook looks solid to government officials, and its technical personnel is highly rated. Arthur Johnson, who has been a production man for several of the established companies, is vice-president and would be production manager.

- Independent Aluminum Co., another strong contender, is backed by a combination of fabricators. It has counted on Bonneville electric power and is likely to get approval despite Chapman's general policy against additional plants in the Northwest. It has a "small business" flavor that will probably please the Celler committee.

- Troy Aluminum Co. also has its eye on Northwest power. It was organized by Arnold Troy of Eastern Metal Products Co., Tuckahoe, N. Y., a company that makes aluminum castings.

## CBS Color TV Wins Final Court Battle

Color television in the U. S. will be the CBS variety. The Supreme Court this week gave Columbia the final decision in its long-drawn-out bout with the RCA color system. CBS promptly announced that it would have color on the air in 30 to 60 days.

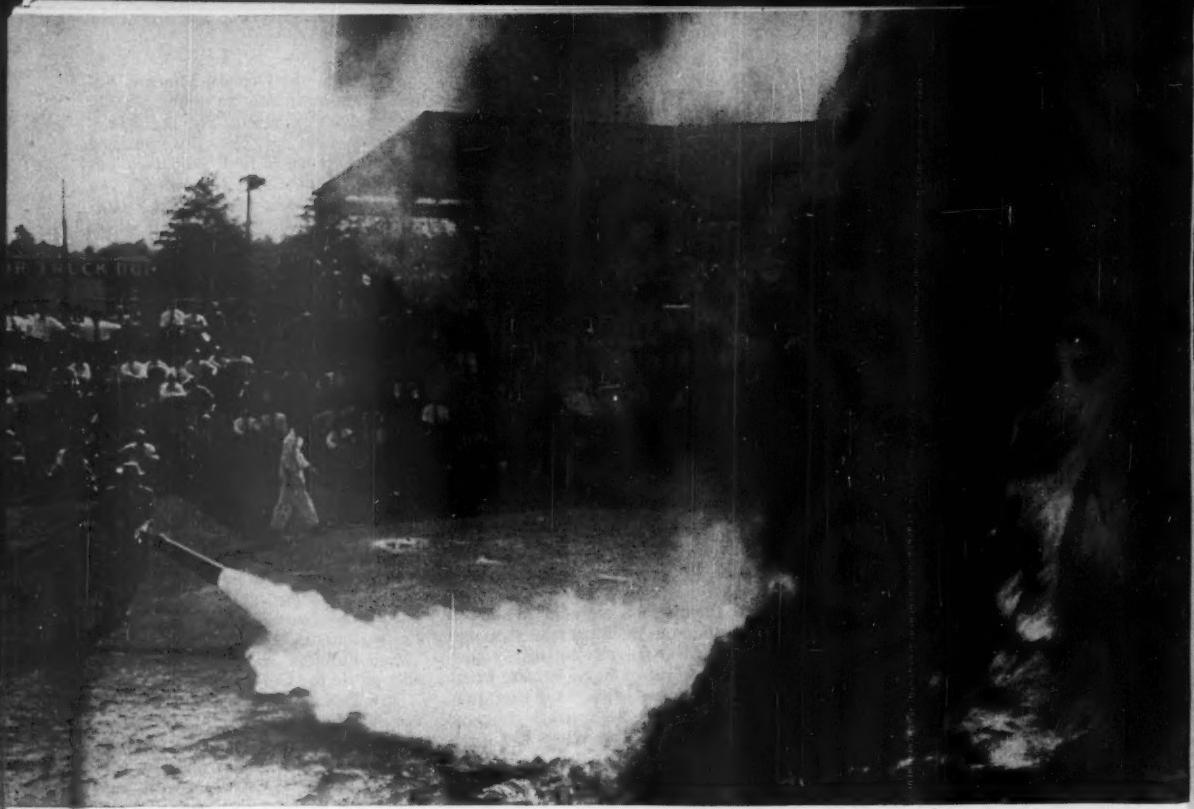
But there are still some big questions flashing on the TV color screen:

- Will material shortages make the Supreme Court's decision academic?

- Will RCA now make its color tube available to CBS? Hitherto, the industry has been reluctant to go along with CBC's mechanically operated system.

- Will the public string along with its present black-and-white sets until color programming gets into high gear? Or will it demand color equipment now?

In writing the court's 8-0 decision, Justice Black admitted the desirability of a "compatible" system—one by which color could be received on present sets. But he upheld the original Federal Communications Commission finding. FCC approval of the CBS system on the ground that further delay in color TV was too high a price to pay for possible compatibility in the future.



SPILED GASOLINE AND OIL, 20 gal. of them, were extinguished in under 13 sec. by carbon dioxide supplied by airport crash truck.

## Flaming Gasoline Doused In Seconds; It Looks Easy



ELECTRIC TRANSFORMER was subjected to flow of gasoline and oil. Allowed to burn for 11 sec., the fire was put out in 2 sec. by dry chemical from portable rig.

No, this isn't the fire disaster page. In fact, none of those healthy, pictured fires had a chance. Walter Kidde & Co. lit them itself just to show what its latest extinguishers could do.

Something over 1,000 representatives of insurance firms, industries, fire departments, government agencies, and safety groups gathered in the Kidde demonstration stands at Belleville, N. J. They saw what the Kidde people said was the biggest show of its kind that has ever been given.

The equipment demonstrated ranged all the way from little hand jobs for house and auto up through heavy duty extinguishers for crash trucks, fire engines, and factories. Carbon dioxide, dry chemical, and foam all did their stuff—mostly they got the oil and gasoline fires out in a matter of seconds.

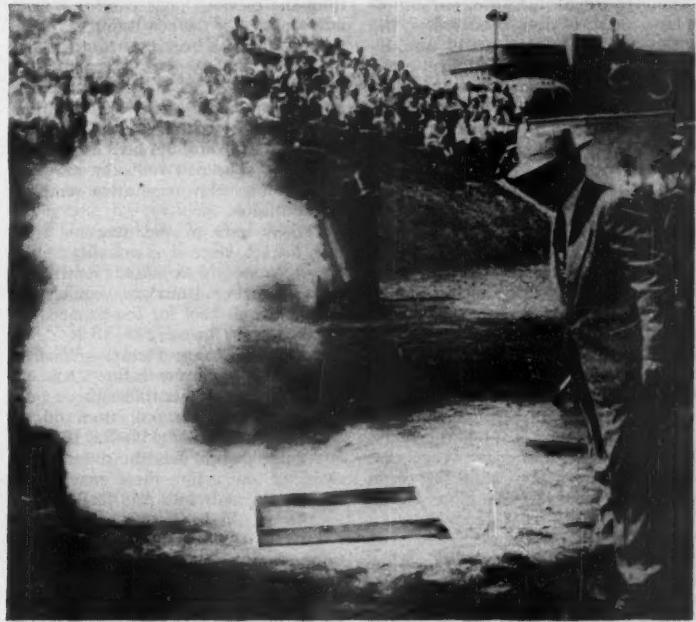
The only failure came when someone in the audience asked the demonstrator to quench a flaming industrial-type drainboard with foam (upper right). The Kidde people knew perfectly well it wouldn't work—this type of fire needs carbon dioxide or dry chemical. Still, they obliged their guest and tried it. You can see that the flames were unimpressed. Later, Kidde did the same job with carbon dioxide in 10 sec., with dry chemical in 4 sec.



GASOLINE, pouring down a drainboard, keeps right on blazing as foam is sprayed on. Carbon dioxide or dry chemical should be used.



DEMONSTRATOR stands unconcerned as he sprays dry chemical on fire.



GARAGE DRIP PANS are a constant fire hazard. But gas and oil blaze in this one was put out in just 6 sec. by carbon dioxide from small hand extinguisher.



FULL STOCKYARDS reassure OPS at least for the first week of the new ceilings.

## The Beef Is Still Rolling In

New meat price order hasn't had much effect on beef supplies so far, but it may worsen by fall. Meanwhile, cattlemen have more cattle than they can afford to hold.

One week after the new meat price orders went into effect, the meat business was running pretty much as usual—just as the Office of Price Stabilization had predicted.

True, cattle marketings dropped abruptly on a couple of days, but floods in the midwest accounted for part of that. By last Monday (May 28), receipts of cattle at the 12 principal markets were 64,000, compared with 40,000 a week ago, and 51,000 a year ago. There was no sign at all of the threatened strike by meat producers.

Price Stabilizer DiSalle doesn't expect things to change, for a while at least. Cattlemen have too many fed cattle on their hands. These will have to be moved, regardless of ceilings. Cattle on feed Apr. 1 were 4% higher than a year ago, which should mean a bigger supply of beef in the fall when the cattle that are now on feed will be ready for market.

• **Packers Disagree**—The packing industry, however, is still predicting trouble in the future. Spokesmen told the House Agriculture Committee last week that it was doubtful if they could buy cattle at prices dictated by OPS. James Olsen, vice-president of Geo. A. Hormel & Co., said that OPS has already reduced slaughter of beef animals by 10% below the rate of May, 1950. Olsen also maintained that the rate of slaughter is going to be reduced even more by diversion of cattle from legitimate packing-industry channels.

For the present, there's plenty of beef around, though some areas may be feeling scarcities while others have plenty.

This uneven distribution is a hangover from the previous price control system now replaced by the new ceilings. When the Jan. 26 price freeze went into effect, individual wholesalers each had his own ceiling. Those with the higher ceilings could pay more for cattle. This situation is blamed for the increase in prices of livestock and wholesale beef in spite of the freeze. The new rollbacks and uniform ceilings may wipe away some of the confusion.

Packers refer to the situation as a grey market, since it is not illegal, but has dislocated distribution somewhat. Actually, in some markets, retailers are having to sell beef for less-than-ceiling prices in order to move it.

• **Fall May Change Picture**—DiSalle's real test won't come before October, when the last of his rollbacks go into effect. If cattlemen rush stock off to market at lighter weights—fed on grass and range pasture over the summer, instead of on grain—there may be a shortage by early fall. And feeders may wait to see whether the rollbacks actually go into effect before they invest in more cattle to feed.

So far, no real black market has appeared. There have been no reports of illegal slaughtering or any significant increase in individual farmers slaughtering for local butchers.

## Freight-Car Cut

NPA cuts steel allocation as builders slip behind schedule. Car builders call it misunderstanding of problems.

The freight-car builders were in trouble with the government production officials again last week. National Production Authority has cut back the builders' allocation of steel. The reason is that NPA doesn't think the car builders are getting freight cars onto the rails fast enough.

• **Behind the Move**—Last October NPA said freight-car builders could have about 300,000 tons of steel a month. It figured that would put 10,000 new cars on the rails each month, beginning early this year.

But by March practically none of the 150,000 orders then on the books had been filled (BW—Feb. 3 '51, p32). The companies said they couldn't hit the 10,000-car-a-month pace until April or May, at least.

• **Lost Patience**—By May even this promise had gone by the boards: April production was only 8,274 cars. By this time, NPA lost its patience. It has now cut back the steel allocation so that the industry can produce no more than 7,400 to 7,600 cars a month. NPA feels that the steel should go to other fields, where it is just as badly needed—and where it will be used.

On top of this, NPA has changed its allocation reckoning from a monthly to a quarterly basis. For the third quarter, it has assigned to the freight-car builders a total of 672,000 tons—instead of the 900,000 tons they would have got under the old plan.

• **Lack of Understanding**?—All this has the car builders frothing at the mouth. They say that this kind of thinking shows an almost total lack of understanding of their problems.

In the first place, they have tried to convince everybody concerned that you don't get steel one day and roll a car out of your plant the next. It takes 90 days to fabricate the steel into finished freight cars—underframes, sides, doors, ends, roofs, and scores of miscellaneous parts. Since the steel allocation didn't even begin until Jan. 1, the car builders argue, the 10,000-car schedule couldn't possibly have started until spring anyway.

• **Slow Deliveries**—Why didn't it start in spring then? The car builders have an answer for that one, too—they couldn't get the right kinds of steel at the right times, regardless of allocations. Most builders don't blame the steel mills for this, realizing that they are

hard-pressed from every other quarter for deliveries. In fact, they say, no one is to blame; but they add that they can't possibly build freight cars without the materials.

Not all critics of the car-building business buy this line of reasoning—least of all, apparently, NPA. One big argument is that it shouldn't take any 90 days to process steel. What the industry needs, according to this argument, is some new production techniques.

• **In the Spotlight**—The industry puts this view down to ignorance of facts. Charles W. Wright, president of American Railway Car Institute, has this to say:

"The railroads, like all key industries, are suffering from growing pains at this time. They cannot hurdle from a peacetime pace to the burdens of a national emergency without difficulties similar to those of other industries in transition. The difference is that the railroads are

a spotlight industry. . . . The spotlight . . . singles out steel and railroads because they are so basic."

• **Proof**—The industry hopes during the next couple of months to prove that it can meet its responsibilities. With the 90-day lag, the restricted allocations won't hit car output until fall. Meanwhile, the industry expects to turn out 10,000 cars a month during the summer—on the basis of the previous allocations and the final arrival of steel in its shops.

Some companies are already filling their quota of the monthly output. Pullman-Standard, for example, expects to produce 3,000 cars in May. That's about the best it can do without resorting to extra shifts and overtime. If such peak production becomes widespread, NPA may reconsider its cutback—especially in view of the desperate need for more new freight cars to support the defense program.

## Industry Representatives' Dilemma

Washington thought it was seeing things last week, when the country's largest unions lined up with two of the country's largest employers against the country's largest employers' combine.

The scene: the Wage Stabilization Board hearings. The issue: annual productivity increases.

Arguing against making any exception—beyond the stabilization ceiling—for annual improvement increases in the automobile and other escalator wage contracts was the National Assn. of Manufacturers.

Arrayed against NAM were the unions—plus General Motors Corp. and Ford Co. GM is one of NAM's biggest dues payers; Ford, while not in NAM, is a member of the U.S. Chamber of Commerce, which came out in support of the NAM viewpoint in a separate statement.

• **A.P.I. Clarified**—They had a complex issue to fight over. Annual productivity increases aren't just a matter of compensation for expected rises of the productivity curve. They are that, but they are more, too: In return for the a.p.i., the union gives up its resistance to the introduction of new machines and technological change. The General Motors contract reads that "the annual improvement factor . . . recognizes . . . a cooperative attitude on the part of all parties in such progress."

In a sense, the union gets the annual increase in return for giving up the long-claimed and dearly held right to protest new machines.

• **Behind the Split**—The reason for management's two schools of thought is obvious:

NAM spoke for 16,000 manufacturers

who fear the destabilizing effect of these productivity increases on local labor markets and on wage patterns because most employers don't have contracts that would permit them legally to match the increase.

GM and Ford spoke for GM and Ford. They want to preserve their contracts and the cooperation in higher production that, they contend, the annual improvement increases bring. Their deep-seated fear is labor unrest; the five-year contracts GM and Ford hold assure four more years without strikes or bargaining.

• **Repartee**—The situation was a little embarrassing to industry members of WSB, who tend to support NAM. Their problem was evident in an exchange between industry member Reuben B. Robertson, Jr., president of Champion Paper Co., and Harry W. Anderson, GM vice-president:

**ROBERTSON:** Is the productivity gain measurable in the present economy?

**ANDERSON:** Look at our annual report. We've had no strikes—increased morale, cooperative attitude of the employees when introducing technological improvements and new machinery.

**ROBERTSON:** Can this be applied generally throughout American industry?

**ANDERSON:** Yes.

**ROBERTSON:** Should we accept an employer's statement—at face value—that increased productivity is actually there?

**ANDERSON:** If the employer says so, why not accept it? If you don't accept it, you are then challenging his veracity.

## Auto Output Cut

Dealer inventories are so high that even record-smashing sales aren't making enough of a dent. Discounts crop up.

For the first time since World War II, car makers are cutting back their schedules because they can't find buyers for all they can make. Retail deliveries are not eating at dealer inventories in the normal seasonal pattern.

Sales are still booming in spite of the restrictions that Regulation W puts on consumer credit. April deliveries appear to have set all-time records for that month; May, likewise, will be good. But, since fall, the factories have been shipping completed assemblies in such quantities that inventories are running way ahead of sales.

• **Industrywide Curtailment**—So production schedules are being reduced. Kaiser-Frazer led off—it cut operations more than a month ago (BW—Apr. 21 '51, p30). Last week Hudson announced a shutdown of nearly three weeks, to "balance inventories."

In the meantime, Ford Motor Co. had been railing at government restrictions—claiming that they are the reason for schedule curtailments that will cut production 2,000 units a day by the end of June. In view of the supply-demand situation, Detroit listeners couldn't quite cover their smiles.

Other companies are also expected to slow down shortly. And though the slowdowns may be dictated by materials problems, sideliners are quite sure that the excuse will be welcomed wholeheartedly.

• **Discounts Again**—Best commentary on the sales picture is to be found in dealer establishments from coast to coast. You can walk in anywhere today and buy new cars at discounts from \$100 to \$400 off list price. That wasn't unusual in prewar days, but even then it was rare in May and June, the height of the season.

Even the fast-selling cars aren't selling fast enough. There's a good reason for that: When one segment of the market softens, dealers begin to price-cut, offer higher trade-in prices, and use other selling bait. This puts the heat on the areas and makes that are doing good business. The inducements "down the street" undermine their business, and they, too, have to drive harder.

As yet, there's nothing critical about the picture. Good sales volume will gradually bring inventories into balance. By fall materials may be even shorter, and production then will be stripped down to match deliveries.

## Gas War Spreads

Price cutting now extends to the entire East Coast. Refiners hope prices will stabilize—but aren't too hopeful.

The gasoline price war on the eastern seaboard has started early this year—even though a gas shortage is threatening. In 1950 price cutting didn't get under way until mid-July; and then it was pretty much limited to New Jersey and a few scattered local areas. But the 1951 throat-cutting, which covers the entire East Coast, began in earnest last week.

• **The Nonconformist**—Sun Oil Co. brought the whole thing out into the open when it cut its tank-wagon price by 1¢ a gal. The cut applies to Sun's entire 13-state marketing area. It was a dramatic move, but it surprised no one in the trade. Sun has long had a nonconformist reputation—it just does things differently from anyone else in the business. It took most of the blame, for example, for last year's New Jersey price war.

• **Long War**—Actually price cutting on the East Coast has been going on, undeclared, for months. A few big multipump service stations here and there, mostly dealing in unbranded gasoline, have been selling at 2¢ a gal. or more below standard prices. Most of these dealers get their supplies from small Gulf Coast refiners, but Standard Oil Co. of California, which is working hard to break into the eastern market, is the source of supply for some of them.

The brand-name stations just across the street or just down the highway from these independents had to go along with the cuts in order to stay in business. And their suppliers—the major eastern refiners—helped them out with individually granted discounts from the posted tank-wagon price.

• **More Discounts?**—The trouble was that these price-cutting areas didn't stay local. The effects spread out from station to station.

By last week, things had got to such a point that Sun said: "Discounts . . . are being given so universally that tank-wagon prices . . . are no longer realistic." Besides cutting its tank-wagon price 1¢, Sun said it would give further discounts "as may be necessary."

That's the main difference between this year's price war and last year's. Even during the worst of it last summer, none of the refiners cut its posted tank-wagon prices; all relied on discounts. And the other major refiners, though they're going along, grumble that Sun

shouldn't have made the cut official at this time.

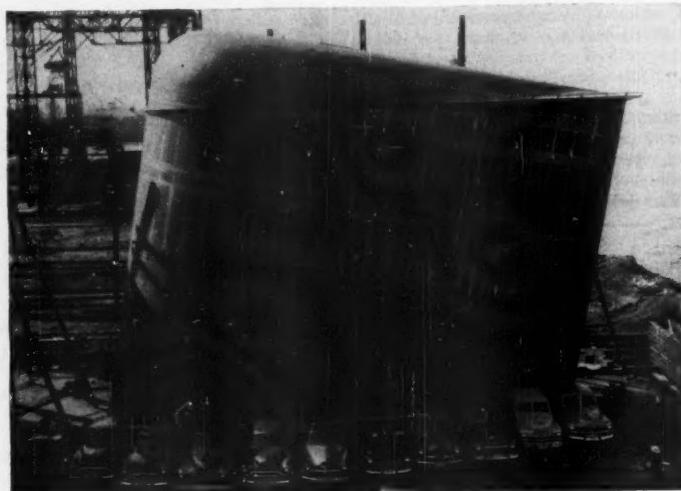
• **Three Reasons**—The trade cites three main reasons against the price cut:

• Demand for gasoline, already high and still growing, is likely to exceed available supply this summer.

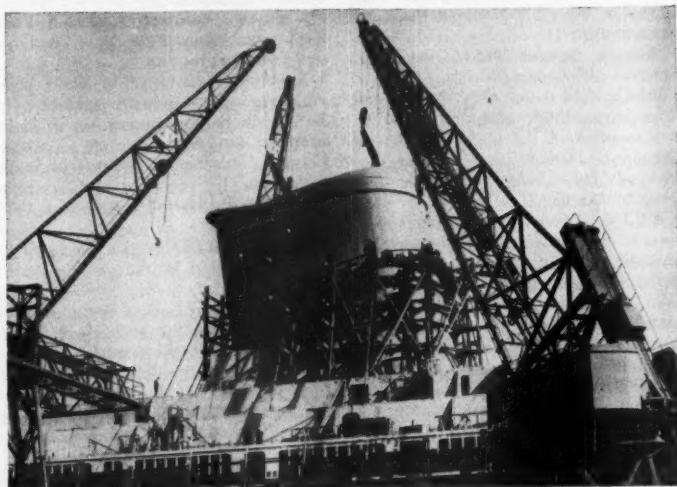
• Even though price cutting and discounts were widespread, there were many places they had not reached; Sun's action imposes a price cut on these places, too.

• When the war is over and prices go back up, the public, forgetting this month's cut, will notice only that refiners are raising their prices. That's bad public relations.

• **Out of Control**—Sun and the other refiners hope that East Coast prices will now stabilize at the new level. But they aren't too optimistic. The reason is that things are getting out of hand; in Hartford, for instance, prices are 7¢ a gal. below normal.



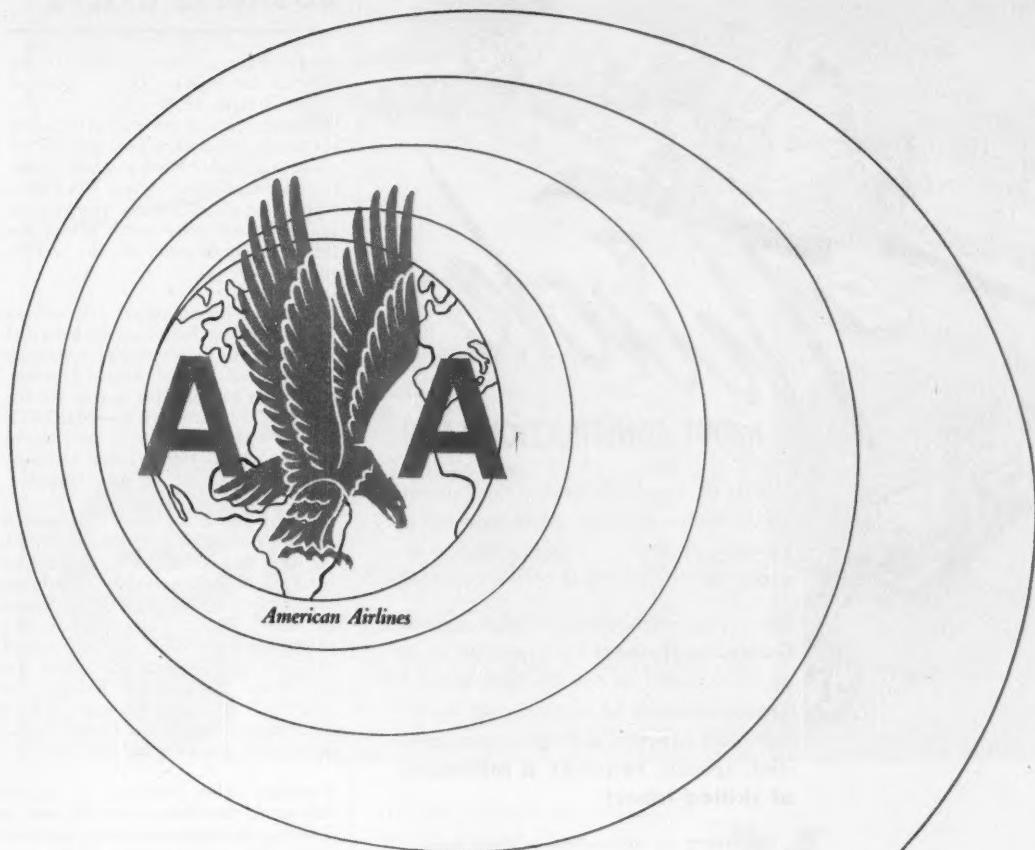
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. . . Lowered Into Place on U. S. Liner

When the U. S. superliner United States goes into service, in the summer of 1952, it will be sporting the largest stack on the seven seas. Upper photo shows the stack,

still ashore, dwarfing 10 autos. Below, two giant cranes lower it aboard the 990-ft. ship. The mammoth stack is made of aluminum, is 55 ft. high, 60 ft. long.



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DEALERSHIPS are still available in certain areas.  
Write Dept. W-20 for complete information.

A black and white photograph of a single-story bungalow-style home with a prominent front porch supported by four columns. The house has a dark roof and light-colored siding or stucco.

Manufacturers of  
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Coronado  
and CHAMPION  
Homes . . .



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NEW ALBANY, INDIANA

"Gunnison", "Coronado" and "Champion"—T.M. Gunnison Homes, Inc.

Price cutting on drugs started in the wake of the Supreme Court's upset of fair trade laws (BW—May 26 '51, p25). Oklahoma City stores slashed 30% off the tag on some medicines, touched off a war that seemed likely to spread to the rest of the state . . . New Jersey drug maker Hoffmann-LaRoche brought suit against a local price cutter to test the intrastate application of the court's ruling (page 44).

The biggest jet engine yet—the Allison J35-A-23 Super Jet—went back on the shelf. The Air Force canceled a contract with General Motors' Allison Division, which was to build the engine for the new B-47C bomber (BW—Mar. 24 '51, p26). Apparent reason: a decision to stick to the B-47B bomber for now, delay the switch to the newer model.

Secretary Sawyer suggested the disputed stock of the Dollar Line (BW—Mar. 24 '51, p25) be sold to the highest bidder with funds held in escrow until the ownership is settled. Both the U. S. and R. Stanley Dollar claim rights to the shares. Sawyer said his proposal "would free the . . . business . . . from the annoyance, burden, and handicap of litigation." But early this week Dollar's Washington attorney indicated Dollar would turn down the bid.

Furniture orders continued to skid for the second month in a row. Seidman & Seidman, industry accountants, reported April new orders down 29% from March, off 11% from a year ago. Cancellations climbed to 31% of orders booked, compared with 12% in March and 5% in February.

A new steel merger may come out of talks between Pittsburgh Steel and Thomas Steel, Warren, Ohio. The plan would have Pittsburgh taking over the assets and business of Thomas through an exchange of stock. An earlier merger deal between Pittsburgh and Allegheny Ludlum fell through (BW—Apr. 23 '51, p28).

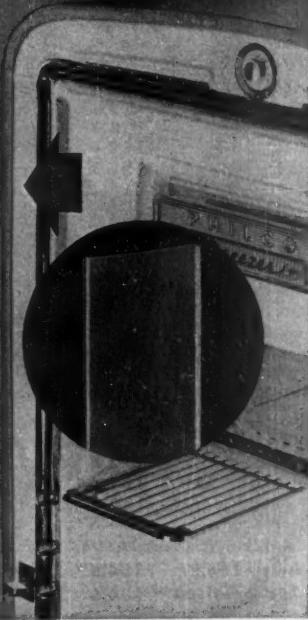
Flights to Korea were put on a two-a-week basis by Northwest Airlines. Northwest, which has been making weekly commercial runs into Pusan, said the service wasn't enough to handle traffic.

What time is it? F. H. McGraw, New York construction company, has a wallet card that tells the traveler which states and cities are on daylight time, which stay on standard. You can get one by writing to McGraw's New York office, 51 East 42nd Street.

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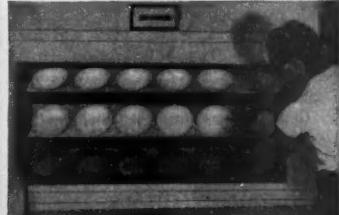
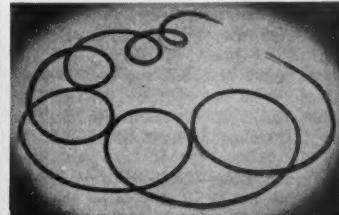
YES, Westinghouse slammed the door of one of its new home refrigerators a half million times—to prove the durability of their beautiful new flexible door gaskets extruded from VINYLITE Elastomeric Plastics. Philco also ran grueling tests on its new models to show that VINYLITE Rigid Plastic breaker strips (facings against which the big doors shut) could absorb similar punishment!

Additional tests demonstrated the resistance of these materials to food acids and alkalies, greases and oils, moisture,

cleaning, abrasion and resistance to cracking from age.

Conclusion: Versatile VINYLITE Plastics are in domestic refrigerators to stay, for gaskets, breaker strips, shelf supports, seals, grommets, bumpers, other parts.

We think we can show how they can upgrade your products, too—particularly if they require materials with a specific degree of flexibility or rigidity, plus ease of fabrication, plus a rainbow range of colors, at a reasonable cost. Tell us your specific problem. Write Dept. KO-62.



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# LABOR

## What's Happening to the Cost of Living

	Total Cost of Living	Food	Clothing	Rent	Fuel, Electricity and Refrigeration	House Furnishings	Misc.
April, 1941	102.2	100.6	102.4	105.4	101.0	102.4	102.2
April, 1942	115.1	119.6	126.5	109.2	104.3	121.9	110.6
April, 1943	124.1	140.6	127.9	108.0	107.5	124.8	114.9
April, 1944	124.6	134.6	137.1	108.1	109.9	132.9	120.9
April, 1945	127.1	136.6	144.1	108.3	109.8	144.9	123.8
April, 1946	131.1	141.7	154.5	108.4	110.4	152.0	126.7
April, 1947	156.2	188.0	184.9	109.0	118.4	182.5	139.2
April, 1948	169.3	207.9	196.4	116.3	130.7	194.7	147.8
April, 1949	169.7	202.8	192.5	120.3	137.4	191.9	154.6
April, 1950	167.3	196.6	185.1	123.1	141.4	185.6	154.8
May	168.6	200.1	185.1	120.5	138.8	185.4	155.3
June	170.2	204.8	185.0	123.9	138.9	185.2	156.3
July	172.5	210.0	184.7	124.3	139.1	185.0	156.1
August	173.0	209.0	185.9	124.7	140.9	185.3	158.1
September	173.8	208.5	185.5	124.8	141.6	185.1	158.8
October	174.8	209.0	193.4	125.0	143.1	194.8	159.5
November	175.6	209.1	195.1	125.4	143.7	202.3	160.5
December	178.4	211.6	196.4	125.8	144.1	204.8	162.0
January, 1951	181.6	221.6	197.7	126.0	144.5	208.9	163.7
February	184.2	226.0	203.2	126.8	145.7	211.4	164.8
March	184.5	225.4	204.6	127.3	146.3	212.7	165.8
April, 1951	184.5	224.6	205.2	127.7	146.2	214.1	166.1
April revised*	184.6	225.7	203.6	135.1	144.0	211.8	164.6

\*BLS revised its formula for computing the cost-of-living index in January, 1951 (BW-Mar. 10 '51, p12). Since the new index is still widely used in labor-management bargaining, BLS continues issuing both sets of figures through 1951.  
Data: U. S. Bureau of Labor Statistics.

## Rising C-of-L to Lift Pay Lid

Index soars 3% between Dec. 15 and Apr. 15, creating strong argument for raising wage ceiling to at least 13% from present 10%. Auto workers already over the top.

What has happened to the cost of living since Korea will be the basis for a new national wage formula.

The now famous Wage Regulation 6 of Feb. 15, which allowed 10% increases over the Jan. 15, 1950, level, was explained by the Wage Stabilization Board as a catch-up formula. It was designed to correct the disparities between wages and the cost of living that might arise between the January date and June 30 this year. WSB then promised to "review" the 10% figure "in the light of" the Apr. 15, 1951, consumers' price index figure of the Bureau of Labor Statistics.

• Two-Way Argument — That index figure — 184.6 — was issued this week (above). It is significant in two ways:

• On the one hand, it shows a rise

of only 9.7% since the base date in January, 1950. (The revised index for Jan. 15, 1950, is 168.2.) This makes a potent argument against any raising of the 10% ceiling.

• On the other hand, it shows a rise of 3% above the Dec. 15 revised index figure of 178.8, the last available when WSB wrote the 10% ceiling. That makes an argument for pushing up the ceiling at least that much, to 13%.

• Future Rises — Only the unrealistic will look for WSB to rely on the first argument. Note that in Regulation 6 WSB anticipated further rises in living costs. This it can do again.

In effect, WSB already has — by its approval of escalator, cost-of-living wage increases. On Mar. 1, Economic Sta-

bilizer Eric Johnston issued Regulation No. 8. It approved wage increases under prefreeze escalators until June 30, regardless of the 10% ceiling. The immediate objective of the regulation was to remove any possible block to a 5¢ increase that the escalators brought to auto workers at that time.

This week auto workers got another 3¢ an hour under the cost-of-living formula. That puts auto wage boosts roughly 2% above the 10% ceiling.

But that isn't all. Escalator contracts in autos—and in a few other industries—also provide for annual improvement increases of 4¢ an hour, based on assumed increases in productivity. A raise is due June 8 at General Motors. Other companies are to follow.

Official go-ahead for these improvement increases — a development now taken for granted — will bring to an even 20¢ the pay raises that have gone to about 1-million CIO auto workers in the last year.

• The Others — That being so, what about the companies and the unions without escalator clauses?

The belief is that unions will wait to see what happens on the Defense Production Act revisions and on the whole skein of labor controls in Washington. Meanwhile, a building of new wage demands can be expected.

Indicative of this is the quiet undertow developing in Detroit, focal point of the escalator idea. Some union locals — part of the auto union itself — are talking about reopening contracts, even contracts with escalators. Their idea: They might be able to do better.

This apparently fanciful viewpoint has already been echoed in at least one strategic area — Ford Local 600. There the official newspaper remarked that escalator-related raises were a means of "going backward, not forward." The explanation was that taxes are going up, and are not figured into the BLS index, and that wage adjustments in this inflationary period are coming three months behind the rises in living costs.

• Bargaining Tool — Some companies might not be completely opposed to reopening contracts if they had to. They'd use union wage demands as leverage to get noneconomic issues straightened out to their satisfaction.

Escalator contracts, of course, look far better today to workers than do those with fixed pay rates. It was taken for granted that unions with fixed agreements would seek to reopen them at the earliest chance, as soon as Washington policies become more settled. If contracts aren't reopenable, the effort will be to balance out either by making ultimate pay revisions retroactive, or by making them bigger than usual.

• More Money — Meanwhile, all 7¢ escalator plus productivity raises will be a

substantial fillip to buying power. About 1-million auto workers will find themselves getting \$2.80 more per standard work week. That amounts to \$140-million a year added to the wage bill.

The number of nonautomotive contracts following UAW formula is generally figured as covering at least another 1-million workers, possibly twice that number.

## THE LABOR ANGLE

### The Active Unionist: II

LAST WEEK in this space we reported on a study made by Joel Seidman and Associates at the University of Chicago in which it was sought to determine why workers join unions. A significant finding in that study was the minuscule proportion of union members who are active.

Seidman studied a local union in the steel industry that has 14,000 members. He found that, apart from 36 officers of the local, only 89 members bothered to come to four or more union meetings in the course of a year.

SUCH FACTS—help to explain much that is mystifying to many observers of the American labor movement. For the truth is that the local union Seidman surveyed is neither unique nor unusual in its degree of member participation.

For example, there is considerable puzzlement over how the Communists, representing an infinitesimal fraction of American labor, can keep control of important unions and have the policies they espouse adopted by other unions.

Much of the answer is in Seidman's figures. If the steel mill employs among its 14,000 workers only 50 who are Communists or who are willing to accept Communist direction, the Communists can control the union. Their 50 adherents will not miss any meetings, will not fail to vote, will not sit silent while policies are being determined.

MANY AN EMPLOYER has sadly confessed his bewilderment about his union's behavior. He will say he is positive that the great majority of his employees are "honest, decent, fair-minded people." But somehow the union to which they belong is "wild, irresponsible, and antagonistic to everything good for the business." Again, the riddle's key is in Seidman's figures. The overwhelming majority stay away from meetings. They leave the union's course to be

steered by militants, radicals, neorotics.

This is, of course, not true in every case. But it is true often enough to create grave problems. And the opportunity for it to become true exists very widely.

Where does the primary responsibility lie for labor's indifference to affairs so vital to it? Not, it must be said, with labor union leadership. Of course there are some labor leaders who thrive on the indifference of their rank and file, who are fearful that if the members get too interested in union affairs the leaders will lose some of their power. But these are exceptional situations. The great majority of the unions are constantly at work trying to fan up greater member interest in organizational affairs.

THE FAULT lies primarily with management. Management's antipathy to unionism has never been a secret to its employees. And the "good" employee, taking his cue from management—although he has gone along with his fellows and joined the union—makes indifference a policy. He doesn't want to be spotted as an "activist," he doesn't want to serve on union committees. And on meeting nights he goes bowling or finds some excuse to stay away from the union hall.

Thus the union and its affairs get left to those hardy ones who don't care whether the boss likes them or not, and to those who actually enjoy the boss' antipathy.

Unions will not become much more representative of the average worker until this situation changes. To change it does not require converting management distaste into management affection for unions. But it does require a new employer attitude toward employee participation.

A company setting out to encourage all its employees to attend union meetings would be embarking on an interesting, and perhaps rewarding, experiment.



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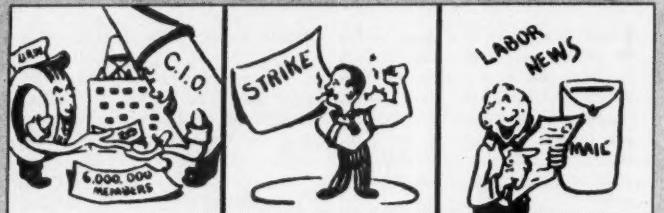
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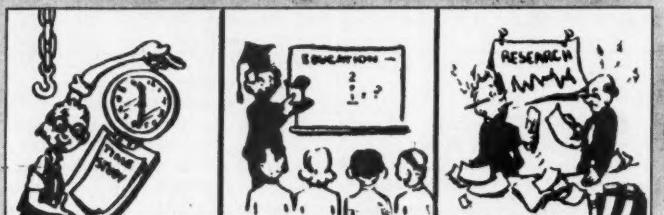
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3/10¢ FAIR PRACTICES

## Information for Union Members

CIO's United Rubber Workers has a problem common to most unions and familiar to many employers: How can the organization best be informed about financial affairs. Employers have developed the illustrated, simply written annual report for employees. Now unions are taking up the same technique.

URW, the parent union, takes a 70¢ per capita tax from each dues payment collected by its local affiliates. These illustrations are from a little booklet called Where Your Dues Dollar Goes, sent to members to explain what hap-

pens to that money. Except perhaps for the expenditure on time study (important for negotiating job rates in the rubber industry); the safety work (mainly conducting area clinics on safety rules and compensation laws); and fair practices (investigating claims of discrimination); URW's expenses are much like those of other large unions.

Along with the class-by-class breakdown of the dues dollar, the URW booklet takes a paragraph or so in each case to explain how the spending helps union members.

One of a new series of advertisements designed to tell the G-E Silicone Story to industry.

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*Where can General Electric silicones go to work for you?*

Consider their useful surface characteristics, for instance. They can be used to *suppress foaming*, which is important in the paint and chemical processing industries. They can act as *water-repellents*—have been used in applications ranging from weather-proofing a factory wall to moisture-proofing a tiny electron tube. *Silicone adhesives* and *silicone release agents* are other examples of products based on the useful surface properties of G-E silicones.

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Silicones Say,  
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Improved water-repellent materials that are resistant to weathering have been developed using G-E silicones. The invisible, protective silicone film acts as a water barrier to seal out moisture from concrete and masonry structures.



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The new furniture and auto waxes containing G-E silicones are a shining example of how products may be improved by utilizing the remarkable surface properties of silicones. Silicones help make polishes easier to apply, non-oily, and more water-repellent as well.

#### NOW CAN YOU USE G-E SILICONES PROFITABLY?

If you have a problem which might be solved through the useful surface characteristics of G-E silicones, you'll want to investigate them further. Remember, too, that G-E silicones also resist temperature extremes, provide release from sticking and are inert to chemical reaction. *Chemical Department, General Electric Company, Pittsfield, Massachusetts.*

Write for a free copy of the informative brochure, "The Silicone Story," to Section N-6, General Electric Company, Waterford, New York. (In Canada: Canadian General Electric Co., Ltd., Toronto.)

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Decentralized - YES! Isolated - NO!

## More Pressure for Fringes

With pay curbs back, unions get set to push further welfare and insurance benefits. Steelworkers lay the groundwork for rank-and-file support, say plan "needs improvement."

Fringe benefits, as a substitute for straight wage boosts, have to be sold to union rank-and-filers. They never look so attractive as added cents-an-hour in the pay envelope. Still, they are an important issue for unions now—and likely to be much more so if wage curbs tighten.

The World War II wage freeze pushed welfare and insurance into collective bargaining. If new controls hold down hourly rates, new fringe demands are bound to take shape.

• **Steel Clue**—Management got a hint of that last week. The United Steelworkers (CIO) told members that the

first year of USW's hospitalization program proves "the fight in 1949 was worth-while." The social-insurance program "won by your union in 1949 represents one of the most far-reaching achievements of the American labor movement."

USW had called an industrywide strike in 1949 for an employer-financed social-welfare "package"—to include hospitalization, life insurance, pensions, as well as sickness and accident benefits. Strikers lost an average 35 days' pay before USW got a settlement. The terms disappointed many rank-and-filers:



## Out From Behind the Scenes

The meeting in Milan, on July 4, of the International Confederation of Free Trade Unions will be a notable event. It will bring together representatives of anti-Communist trade unions from all over the world. More than 20 top-ranking AFL and CIO leaders will attend. Among them, and making one of his rare public appearances, will be the man more responsible than any other for breaking the grip of the Communist World Federation of Trade Unions on international labor. He's Jay Lovestone, who was once

head of the Communist Party in America, but has been for over 20 years now one of the most effective anti-Stalinists still alive. Lovestone is head of the international relations department of the International Ladies Garment Workers and executive secretary of AFL's Free Trade Union Committee. In these posts he has contributed funds and ideas to the fight against Communist control of labor, which has been waged from the docks of Le Havre to the plantations of Burma.

• The steelworkers went back to work without any more cash in their pay envelopes.

• They took, instead, a 2½¢-an-hour cut in take-home pay—because the union settled for a contributory insurance plan.

Debate over the no-raise settlement went on, hot and heavy, for weeks—stirred by left-wing critics of the steel union leadership. It never has died completely.

• USW's Answer—Last week USW acted to cut the ground out from under its critics, and it laid the groundwork for rank-and-file support for future fringe-benefit demands. Its report said that during the first year of the hospitalization program, 263,000 steelworkers or members of their families collected \$30,146,000 in benefits. And 925,000 steelworkers are now participating in the program; with their families, that makes a total of 2,484,000 persons covered.

• Other Benefits—The contributory insurance plan cost employees approximately \$46,250,000 (or \$50 each) for the year. For this they got hospitalization benefits, plus:

• Life insurance coverage averaging \$3,000 for each steelworker.

• Benefits amounting to \$26 a week for 26 weeks for nonoccupational sickness or accidents. Occupational illnesses and accidents were already covered under the Workmen's Compensation Act.

The union's \$100-a-month pension plan, also set up in 1949, is employer-financed.

• What Next?—The steel union's present concern is for another wage increase before the normal contract reopening on Jan. 1, 1952. It won't go into details on future fringe demands. However, Philip Murray says bluntly in the hospitalization report: "The plan, obviously, needs improvement." And he reports that "studies are being made by the union on the other phases of the social-insurance program."

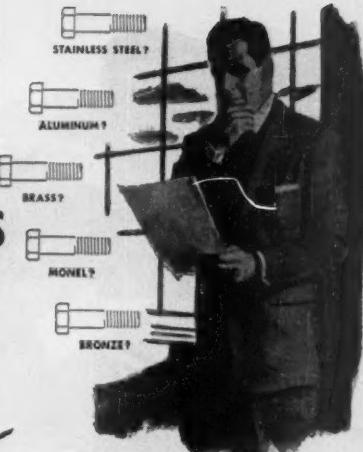
The steel union never has given up its long-range goals of wage guarantees and severance pay. And, along with other unions, it's interested in something new: union-run but employer-financed recreation programs.

• The Outlook—Whether such things get into the contract depends a lot on how tight a curb is placed on wages. Welfare and insurance clauses are in contracts today largely because of the impetus of World War II bargaining when they got a lot of support as a way around straight pay boosts.

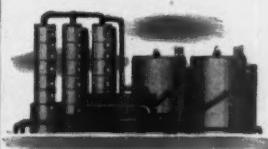
Today, some 7.65-million workers are covered by negotiated pension or social-insurance plans, according to the Bureau of Labor Statistics.

Of these, more than 5-million workers

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**STAINLESS STEEL** (Type 431) T-bolts by Harper are the vital connecting links of the V-bands that fasten the tail pipes to jet engines. In this service where terrific speeds and extreme heat and corrosion are real problems, lasting strength and corrosion resistance are of life and death importance.



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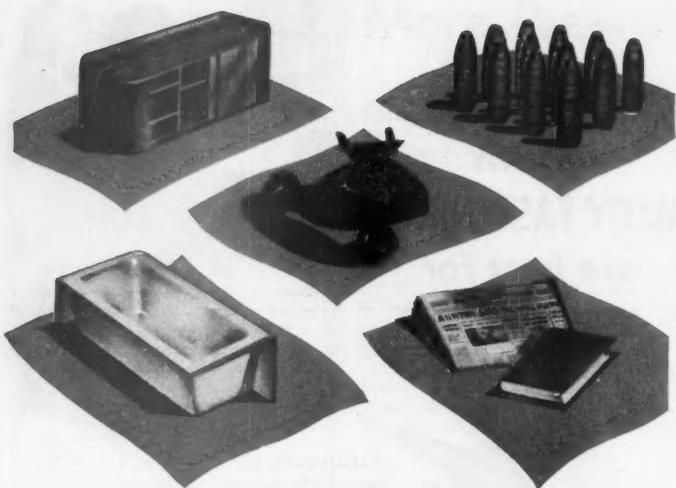
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are covered by negotiated pension plans—80% of them fully paid for by employers. Coverage has tripled in the last two years.

Life insurance ranks first among the insurance benefits provided in contracts, according to BLS. It is followed, in terms of number of workers covered, by hospitalization, surgical and medical benefits, accident and sickness coverage, and accidental death and dismemberment benefits.

The metal-products industry accounts for nearly 2.5-million of the workers covered by negotiated pension and insurance programs. About 1.5-million are in two other large groups: the textile, apparel, and leather industries; and the transportation, communication, and public utilities—with the exclusion of railroads.

BLS survey found that practically every major union, except those representing railroad and government employees for whom federal laws provide benefits, has negotiated pension or health-and-welfare programs. CIO unions negotiated 47% of the plans; AFL unions 35%; independent unions, including the United Mine Workers, negotiated the others.

### Technical Engineers Get Union-Minded

More and more technical engineers are listening to union organizing arguments these days.

Stanley W. Oliver, president of the Federation of Technical Engineers, Architects & Draftsmen (AFL), says his small union has made marked progress among these "unimpulsive" nonjoiners in the past year. And he cites National Labor Relations Board representation victories to prove it.

• **Living Costs**—Why the changed attitude? Oliver thinks salaried engineers are pinched by the steady rise in living costs. And many of them are irked because their salary hikes since World War II don't measure up to those of production workers. So, he says, they are beginning to think that they need a union, too.

New locals were chartered by the union in three major plants last year—General Electric, Radio Corp. of America, and International Harvester. A number of small locals also sprang up, limited in most places to a handful of members.

The union is 32 years old, but it struggled along for years with less than 1,000 members. For a while, during World War II, it had 7,100 on its rolls. Membership slacked off after the war. But gains last year and so far in 1951 have brought membership back up above the 5,500 level.

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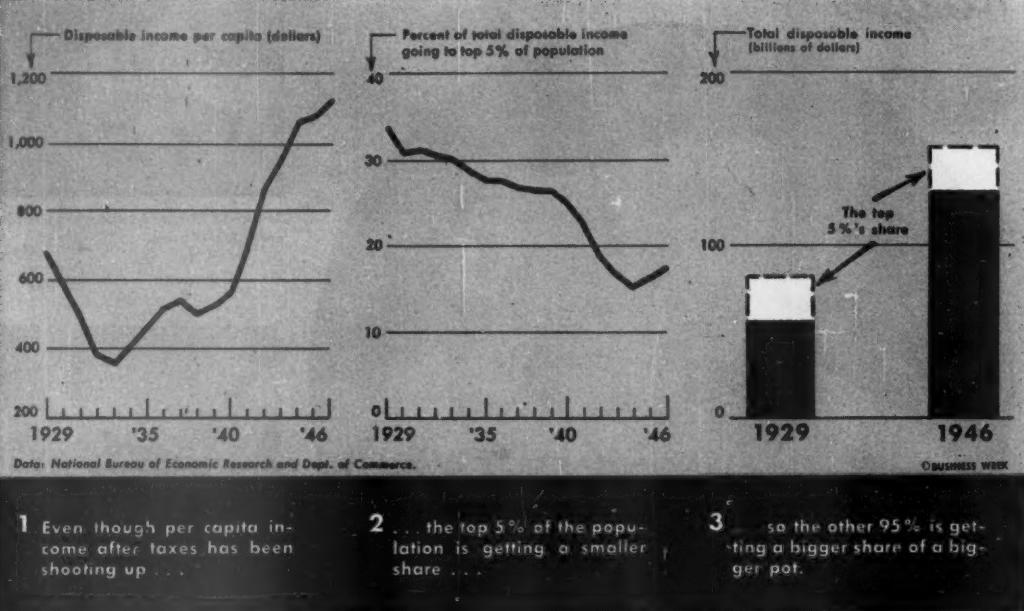
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# MARKETING



## The U.S. Has a Bloodless Revolution

The shift in income distribution in the last 20 years has taken the country halfway toward a classless society.

"If you are poor now, Aemelianus, you will always be poor. Riches are now given to none but the rich."

It was nearly 2,000 years ago that Martial, Roman epigrammatist, thus washed his hands of the problem of income maldistribution. For centuries, people accepted his summing up, more or less philosophically.

But any businessman today knows that Martial's dictum no longer holds. And Simon Kuznets of the National Bureau of Economic Research has some new figures that indicate how wide of the mark it is.

• **Leveling Off**—In 1929, Kuznets points out, the highest 5% of the income recipients in the U.S. had 34% of the total disposable income of individuals (after federal taxes and including capital gains). By 1939 their share had dropped to 27%. By 1946—the latest year for which full tax figures are given—they held only 18% (first chart). The bureau feels that nothing has happened since 1946 to change the picture radically.

This is revolution. That's what Dr. Arthur Burns, director of research, calls

it in the bureau's 31st annual report, which came out last week.

• **Halfway There**—If we had already reached income equality, the top 5% group would hold only 5% of the total income. To get there, the group would have had to drop 29 points below its 34% holdings in 1929. It actually did lose 16 points. So at this particular marker on the scale, you can say we have moved more than half way to complete equality of income in 17 years.

The top 1%, Kuznets says, fell even further. In 1929 their share of the total disposable income was 19.1%—just about where the top 5% is today. By 1946 the top 10% was down to 7.7%. To reach equality, it should have dropped 18.1 points from its 1929 holdings; its actual drop was 11.4 points. On this point of the yardstick, we have come almost two-thirds of the way to equality since 1929.

Per capita income tells the same story. Between 1929 and 1946, Dr. Burns points out, the average per capita disposable income of our total population rose from \$690 to \$1,166 (chart, cen-

ter). Meanwhile the average per capita income of the top 1% fell from \$13,168 to \$8,994. So not only are there relatively fewer people at the top of the ladder, but they aren't so high above the crowd as they used to be.

• **Boost in Spending**—Of course, Kuznets' figures only confirm what producers and distributors have known for some years: Marketwise, the lower-income groups have a new importance. The Joint Committee on the Economic Report in January of this year quotes the Federal Reserve Board's 1950 Survey of Consumer Finances to show which income groups are the big spenders. In 1949, 64% of the \$3,000 to \$3,999 disposable income group spent more than 80% of their total disposable income on consumer goods; in the top group of \$7,500 and over, only 24% spent 80% or more. That means, as you boost the total income of the lower-income groups, you are boosting the income of the groups that spend the biggest part of their money.

Right here the limitations of the figures show up. For Kuznets' studies so far have dealt only with the upper brackets. The huge stratum that makes up the lower 95% is pretty much an unknown quantity because the income tax figures are so much sketchier in that

# Different is Right!



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WHEREVER THERE'S BUSINESS THERE'S

# Burroughs

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**Different in versatility** The amazing Sensimatic is as flexible as your needs—it becomes any machine you want at the turn of a knob! No other business machine is so universally useful as the Sensimatic—because no other machine can do so many things so well.

**Different in price** You'd think a machine as incomparably different as the Sensimatic would run to a pretty fancy figure—but the opposite is true. Actually, the Sensimatic costs hundreds of dollars less than any machine that even begins to approximate its usefulness! Ask your Burroughs office for a demonstration today. Burroughs Adding Machine Co., Detroit 32, Mich.

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**"... Will the equalizing  
of income kill incen-  
tive? . . . "**

INCOME STORY starts on p. 38

area. But the implication is clear: The mass market is on the march.

- **Changed Buying Habits?**—Does this mean a different kind of market?

Conceivably, it might cast a blight on the upper edges of the luxury market. Fewer people will be shopping for high-priced yachts. But to balance this, more people will be able to buy semi-luxury items, though they may buy more prudently.

Conceivably, too, there may be less leeway for individuality. This could tend to level off taste, standardize marketable items. Yet it seems as though the pressure of more buyers with more money might make for diversity of demand.

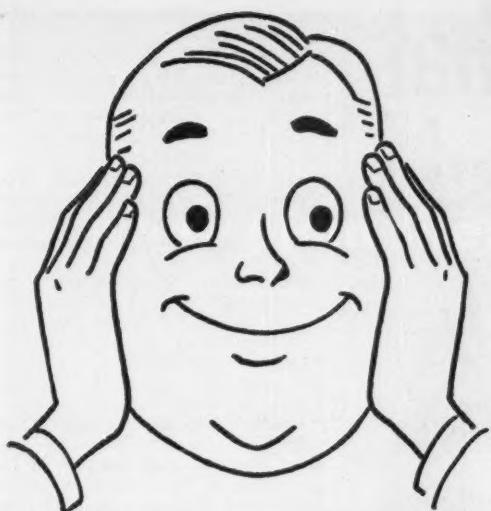
- **Shift in Power**—Certainly the leveling off implies a shift in power. Just as the lower-income groups spend more of their money on consumer goods, the higher groups, as Kuznets points out, contribute most to savings. And their savings take a different form: They are the ones who invest heavily. Equalizing income will shrink the ability to invest.

This raises an often-heard question: Will the equalizing of income kill incentive? For those who have their eyes on huge fortunes, it probably will. Even for them, though, it might mean a shift in incentive rather than an outright killing—a shift away from the job that brings fat returns toward the job that brings the most satisfaction. It would hardly seem that the bulk of the population would feel any loss of incentive; members of this group can measure their progress now in dollars and cents.

- **Inflation**—How far we'll go on the road to income equality is a question. Inflation has contributed to the equalizing trend, and further inflation may contribute more. Inflation has taken a heavy toll at the top, where income from dividends and interest is more important than at lower levels.

True, it takes its toll of the middle and lower groups, too; they feel most the pinch of rising prices. But many of these groups are the ones whose income tends to rise most during inflationary periods. Partly that's because on general principles companies see to it that their lower-paid workers continue to get a living wage; partly because they recognize that it's better economics to have a prosperous labor force. And partly because organized labor wouldn't let them forget it.

Even if inflation is checked, the chances of a sharp reversal aren't too strong. The trend was plain in the



Sees - but hears not



Hears - but sees not

## Sees - Hears-Buys



## Moral - Sell with Sight - Sound - Demonstration

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# The wall that can't be climbed!

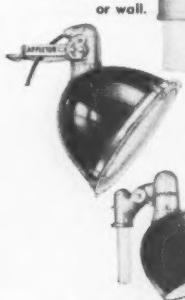
A wall of brilliant light is a barrier no intruder can scale, no prowler can penetrate without exposure. Today, more than ever, this screen of protective lighting is a vital security measure, especially for plants engaged in defense work.

Appleton Floodlights are scientifically designed to guard industrial properties, while providing the good light necessary for best working conditions. The Elipso Standlite, for instance, rings your plant facilities with a broad band of illumination when properly spaced along a fence line or mounted on buildings.

For fixtures that meet every industrial requirement—including hazardous locations—whether indoors or out, contact Appleton, pace-setting manufacturer of electrical equipment for nearly half a century.



ELIPSO  
Standlite  
Mounts on pole  
or wall.



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Sold Through Electrical Wholesalers

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years 1929 to 1939, hardly an inflationary period.

• **Forces at Work**—Some of the forces working for equality are conscious ones—the effort to boost the status of the farmer; the graduated income tax, which, to some minds at least, aims at redistribution of income.

The higher taxes undoubtedly contribute to the equalizing process. But taxes have been less potent equalizers than you might expect, partly because they are higher at all levels.

One factor is the growth of a national pattern in flat wage increases—a 10¢-an-hour pay hike, say. This represents a much bigger gain for the worker in a low-paying industry who earns \$1 an hour than for the worker in a higher-paying industry who earns \$3 an hour.

• **Hurdles**—Nevertheless, while we may creep nearer and nearer to equality, there are some major hurdles in the way. Kuznets finds that among the basic factors affecting the higher income groups are age, sex, education.

You can wipe out inequalities of education. But you can hardly wipe out inequalities of age and experience. It's doubtful that you can kill inequalities of productive value.

## MARKETING BRIEFS

Philip Morris reported new peaks all around for fiscal 1951: in sales, net profits, earnings after taxes. Sales of \$305.8-million were up 20% over 1950. PM says its output came to more than 11.4% of all cigarettes made in the U.S. last year.

TV hearings on Federal Communications Commission's plan for city-by-city allocations of channels are scheduled to open in Washington on July 9, will probably run into the fall. . . . Meanwhile, RCA reports the first customer for its new commercial UHF transmitter: Station WFPC, Atlantic City (N.J.) affiliate of American Broadcasting Co., has ordered one—FCC permitting.

National Linen Service Corp., in Atlanta, says its 1950 record made it the biggest linen supply company in the world. Last year's sales came to \$25-million; in 1951, they are running around \$29-million.

For salt-free diets, Hilsom Corp., New York, will distribute special low-sodium meats developed and packed by Armour.

Servel's refrigerator output will be cut back about 25% because of steel and aluminum shortages resulting from CMP. Its production line has been shut down for 10 days, will reopen at the slowed rate.



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medium · sized town**



*Recognize this town? It is one of many medium-sized towns in the Erie Area that offer industry many advantages.*

**L**OOK, examine and look again, and you'll know why the medium-sized town is the best location for a new or branch plant.

There are many advantages in these towns, both from labor and management viewpoints. Most important of all, the trend to decentralization inspired by international conditions makes the medium-sized town plant location a long-term investment.

You'll find dozens of towns of this size in the Erie Area—along with abundant supplies of rubber, sand,

lime, salt, lumber, gas, petroleum and agricultural produce. Finished parts and products in great variety are readily available.

One third of America lives in the Erie Area—the center of the nation's largest single market. Industry is served by the safe, dependable Erie Railroad which connects with New York Harbor and offers its facilities for import and export trade.

Our Industrial Development Department will be glad to discuss desirable locations with you—in complete confidence, of course!

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## Fair Traders Seek Way Out

They're basing plans on possible weakness in Supreme Court ruling—that it applies only to interstate commerce. Not much price cutting yet, but flareups make everyone jittery.

Confusion and fear—this is pretty generally the reaction of fair traders to the Supreme Court's ruling that price maintenance contracts between makers and sellers don't bind nonsigners (BW—May 26 '51, p25).

The confusion is on the part of manufacturers, who are still groping in the wreckage for a workable pricing policy; the fear involves retailers, who are anxiously waiting to see who will break the price line first.

By last weekend, there were still no signs of an avalanche of price cutting. But there was enough of it here and there to make everyone jittery.

- **Supermarkets Lead Off**—Most significant was the supermarket front. In northern New Jersey, Kings Super Markets cut prices by as much as 29¢ on floor wax, toothpaste, and cleansing tissues. In Stockton, Calif., Charles Hawkins of Don Quick supermarket cut Alka-Seltzer from 58¢ to 39¢, Colgate toothpaste from 47¢ to 29¢.

This was the bad news druggists had been dreading. The supermarkets have been cutting deeper and deeper into the druggist's business in recent years. They may let loose the kind of price wars in drug items that first brought about fair trade laws 20 years ago.

In general, however, the situation at the retail level throughout the country could be summed up by a report from Seattle: "Fair trade quiet. No price cutting. Everyone sitting tight."

- **Interstate Commerce Angle**— Manufacturers themselves have almost no ideas on how to stem the impending flood of price cutting. A few—Cory Corp. is one—have announced they will withhold goods from price cutters. But most of those queried last week frankly admitted that there is very little they can do—except pray for Congress to give them a shiny new Miller-Tydings law with nonsigning teeth in it.

Meanwhile, there seems to be a party line developing on what to do until the doctor comes. The idea is to play for all it's worth on the one possible weakness in the court's decision: the fact that it applies only to interstate commerce and that—theoretically at least—the nonsigner clause still applies in strictly intra-state commerce.

The line was handed down last week by the Bureau of Education on Fair Trade. It advised that fair-trading manufacturers in the past have found it "helpful": (1) To "domesticate" in each state

with a fair trade law, that is, to incorporate in each state, "so that fair trade contracts may be handled on an intra-state basis"; and (2) to have wholesalers "act as their agents."

- **Backstop**—Fair-trading manufacturers are evidently going to make what they can of this point. Seagram Distillers Corp. wired all its sales executives: "To insure the continuation of fair trade in all states where it is legal to do so, all shipments of Seagram brands to Seagram wholesalers, effective at once, will be made on an intrastate basis out of warehouses in that state."

Whether or not they can hold this line is still a question. Observers point out that the whole concept of interstate trade has been broadened immensely in recent years.

Barring help from Congress or the courts, fair-trading manufacturers admit generally that their position is pretty hopeless.

- **Everybody Is Pessimistic**—One mid-western appliance maker says, "The court decision means that manufacturers are faced with the job of careful selection of new dealers, of gradually weeding out the price cutters. But this is a tough decision to make because price cutters are usually volume movers." In short, manufacturers have lost the double advantage of mass distribution and administered prices, and must choose one or the other.

Another appliance manufacturer says that it could, of course, try franchising. But it has 40,000 dealers—which makes franchising "highly impractical."

- **Afraid to Blacklist**—In another field, a maker of cleaning materials is afraid that grocery stores will now begin cutting his prices. This will hurt his drug and hardware store customers. But he's afraid of running into legal trouble or of creating trade ill-will if he eliminates the cut-rates.

At the moment most merchants are getting scant hope from their suppliers. Schenley Distributors is pleading with customers not to "resort to unfair practices." The American Booksellers' Assn. has taken a strong stand against "price-cutting, loss-leaders, and cut-throat competition."

- **Last Resort**—But if Congress fails them, the fair traders have only one thing to fall back on—general economic conditions. With piles of inventories on retail shelves, there isn't much comfort there.



## Bringing the Majestic Tones of the Cathedral Organ

to the Smallest Church



### ... How Mallory Creative Engineering Helps

**A**MONG the many miracles of our Electronic Age is the electronic organ—an instrument which offers the vast range and majestic tones of the cathedral organ, in a console compact and inexpensive enough to meet the requirements of the small church.

Mallory creative engineering has contributed greatly to the solution of a number of problems which have faced designers of electronic organs. A specially designed Mallory resistance device makes it possible to produce *electrically* the swelling volume characteristic of the pipe organ. The remarkable durability of this resistor enables each note to be sounded millions of times.

Another Mallory resistor has multiplied the life of

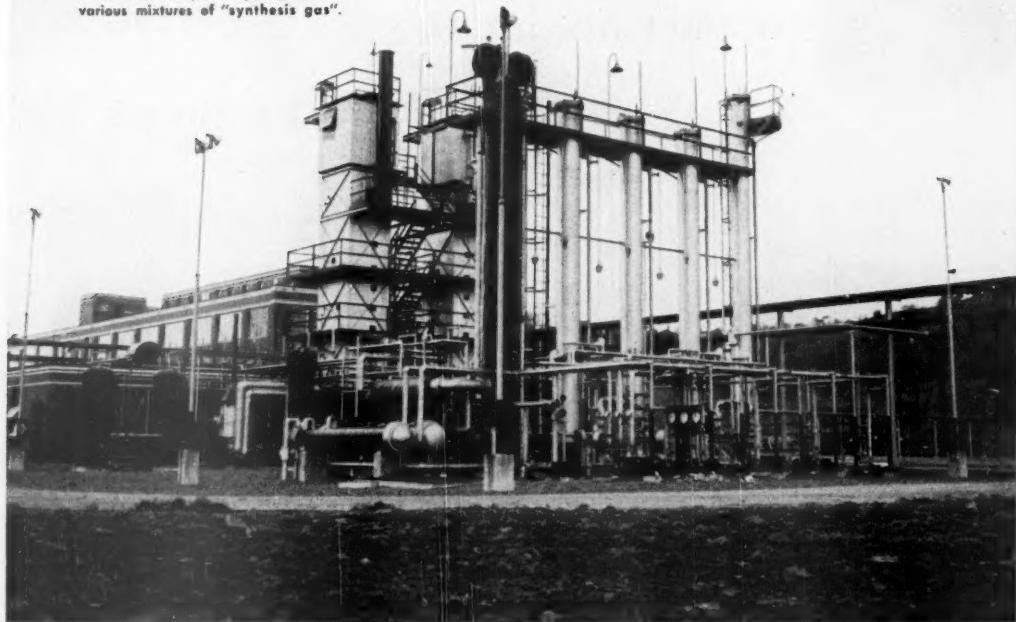
foot controls by twenty times. In addition, the stability of Mallory volume controls and capacitors is in part responsible for the precise and dependable pitch of the electronic organ.

There is scarcely a phase of electronics, or its kindred fields, to which Mallory creative engineering has not made notable contributions. For example, Mallory capacitors, resistors and tuning devices are playing an important part in the dependable performance of television receivers. Modern inconspicuous hearing aids are powered by tiny Mallory batteries. Mallory interval timer switches are standard equipment on most automatic washing machines. Mass production of automobile bodies was made practical by Mallory developments in resistance welding.

P. R. MALLORY & CO., Inc., INDIANAPOLIS 6, INDIANA

{ Manufacturers of any product involving electronic, electro-chemical or metallurgical problems are invited to make use of Mallory creative engineering in improving their designs or lowering costs. }

Girdler HYGIRTOL\* Plant at Bureau of Mines Synthetic Liquid Fuels Plant. It furnishes both pure hydrogen and various mixtures of "synthesis gas".



## Girdler gas plant speeds synthetic fuels process development

ENGINEERS of the U. S. Bureau of Mines believe that the development of processes to produce synthetic liquid fuels will provide a potent wartime ace-in-the-hole.

At the Bureau's plant near Pittsburgh, pilot operations are bringing such processes closer to perfection. Here a Girdler HYGIRTOL\* Plant first converts natural gas into hydrogen and "synthesis gas"—a mixture of hydrogen and carbon monoxide. Experiments seek to

develop the best process for subsequent conversion of the synthesis gas to liquid hydrocarbons.

In a pilot plant operation such as this, operators must be able to change conditions and gas mixtures frequently. With the HYGIRTOL Plant mixed gas ratios can be varied over a wide range—from 1:1 to 4:1. Although large quantities of gas are produced, mixture ratios can be maintained within 0.2 per cent.

Such control and flexibility

simplify experimentation and speed up results. If efficient gas processing is necessary in your operations, let us help you too. The Girdler Corporation, Gas Processes Div., Louisville 1, Kentucky.

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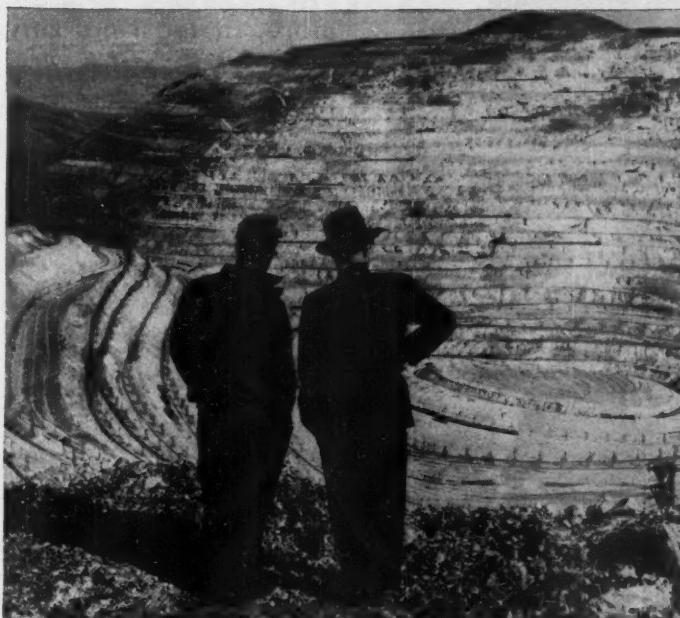
It describes Girdler services in designing and building plants to produce, purify or use chemical process gases and plants to purify liquid or gaseous hydrocarbons.



\*HYGIRTOL is a trade mark of The Girdler Corporation

THE **GIRDLER** CORPORATION  
Gas Processes Division

# FIGURES OF THE WEEK



OPEN PITS yield most of the copper ore mined in the U. S. It's low grade, but it pays.

THIRTEENTH OF A SERIES

## Copper's Not Just Pennies

Put your hand into your pocket, and take out a penny—if you still bother to carry them. That's copper (unless it's one of the steel alloy coins made during the war). But chances are you already know what copper is. It has been known to businessmen since before the dawn of history, back to the days when everyone was his own manufacturer. One of its alloys, bronze, gave its name to an age.

• **Happenstance**—Copper was probably discovered one day when a caveman threw a copper-bearing rock on his fire. The metal oozed out, and, next morning when it had cooled, the caveman probably discovered that he had something a little better than stone from which to make arrowheads. The island of Cyprus seems to be the oldest known copper-producing area; its mines date back to prehistoric times. But it probably wasn't the first. The word copper came from the island, though, by way of the Romans who were the last people to work the mines—until recent times.

Native copper—the kind found practically pure in nature—has turned up in nearly every other part of the world, including North and South America

where Indians were using it before they were liberated by the Europeans.

• **Conductor**—Today—as in the old days—copper is a reddish metal. Next to iron, it has the highest tensile strength of any metal. That means it's hard to pull apart. Next to silver it is the best conductor of electricity available. Industry classes it as a nonferrous metal. That merely means it isn't iron or steel.

Copper is 8.92 times as heavy as water, 63.54 times as heavy as hydrogen, it melts at 1,980°F, and it costs 24½¢ a lb., electrolytically refined and delivered in the New England area, loosely referred to as the Connecticut Valley.

• **Roundup**—This last figure—the price—happens to be BUSINESS WEEK'S Figure of the Week. BW gets its figure from Engineering & Mining Journal, a McGraw-Hill publication. More specifically, it gets it from E&MJ'S weekly, Metal & Mineral Markets. To get the figure in the first place, E&MJ sends a couple of its editors on a personal appearance tour every week to major copper sales organizations. They get reports on the prices and tonnages sold during the week, weight them, and the result is

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• "you name it... I helped make it?"



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## Starch for invisible clothing

Now you see it; now you don't. Put camouflaged clothing on a fighting man. Place him in a thicket. He disappears. How is cloth camouflaged? With a starch product! Mixed with dye-stuffs, as a thickener, it helps to print intricate patterns with razor-sharp detail. Nature-true colors. And deep penetration that resists fading. Starch is versatile! It prints everything from tough military cottons to fashionable gossamer sheers.

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"... copper prices won't move much any more, at least not any higher. When they did, E&MJ's figures were used . . ."

FIGURES OF THE WEEK starts on p. 47

a string of copper prices, among them the Figure of the Week.

A number of other publications come out with copper price figures, but none is so widely used as E&MJ's. These last turn up in metal journals all over the world as the authoritative ones. Even the U. S. Congress, in the bill it recently passed that suspends the copper tariff, singles out E&MJ as a source for price information on which to base any reinstatement of the tariff.

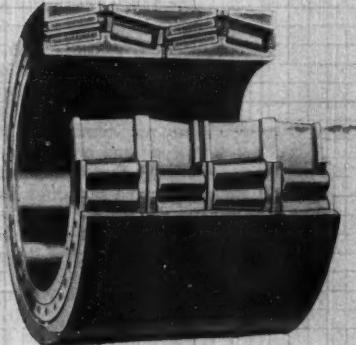
But like nearly everything else, copper prices won't move much any more, at least not any higher than 24½¢ per lb., as long as they are frozen at present levels. So there isn't much to say about price movement. But when they did move, E&MJ's figures were used as the basis for copper sales all over the country—and even all over the world. Prices for ore and unrefined copper also were set on the basis of E&MJ refined copper prices.

• Delivered — Copper prices are generally quoted—in actual transactions—on a delivered basis. For many years, delivered meant delivered to plants in the Connecticut Valley, because that's where practically all the copper users were located. Today there are still plenty of users there, although there are plenty more in other parts of the country. But the delivered price is still most often quoted Connecticut Valley, out of habit probably.

Until the late 1920's, the U. S. produced more copper than all the rest of the world put together. Chile had been a big producer for years, too. Then Canada, Northern Rhodesia, and the Belgian Congo started developing as big copper producers. And while the U. S. is still No. 1, with about 40% of the world's output (about 900,000 tons a year), the others—Chile, Northern Rhodesia, Canada, Russia (as near as anyone can figure), and the Belgian Congo in that order—turn out another 40%. The rest comes from about 25 other countries scattered all over the map.

• Native Form—It is certain that the first copper used was native copper. No caveman—and none of his shod descendants for centuries—knew the first thing about extracting pure copper from chemical compounds such as sulfides

# for continuous strip production...



**Torrington Roll Neck Bearings** handle extreme radial and thrust loads to assure continuous high-speed production in this 68" hot strip mill.

Four rows of closely-spaced tapered rollers in Torrington Roll Neck Bearings provide extra load-bearing capacity. The reduced cross-section permits larger roll neck diameters for greater mill strength and rigidity. The low starting and running friction of Torrington Bearings allows rapid acceleration and constant speed producing more uniform gage.

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". . . moved 100,000 tons of overburden to get the 100,000 tons of ore that contained less than 1% copper . . ."

FIGURES OF THE WEEK starts on p. 47

and oxides. Even in the U. S. it was that way. The first big production of copper was in the Upper Peninsula of Michigan. Indians were mining it there when the white men came, and 100 years ago full-scale mining began.

The thing that determines what you can get copper out of is how cheaply you can dig the ore, how much copper is in it, and what chemical processes you use to get it out of the ore.

By the 1880's Michigan ore was getting harder and harder to dig. Today at least one shaft in Michigan extends more than 8,000 ft. into the ground. That's why, when copper ore was discovered near the surface in the Rocky Mountains, Michigan faded fast as the No. 1 copper-mining state. Today they rank this way: Arizona, Utah, Montana, New Mexico, Nevada, Michigan. Several other states, including Idaho, Tennessee, and Vermont, also produce a little, but not much relatively.

• **Open Pits** — Much of the copper mined in the Rockies doesn't come out of deep mines—it is dug out of gigantic open pits. The ore is simply scooped up by electric shovels and carted off to crushers and smelters. One of these pits—the one at Bingham, Utah—produces about 10% of the world's supply, almost one-third of the entire U. S. output. And it produces more than 100 times as much rock as it does copper. There were times during World War II when 100,000 tons of overburden were removed in a day before they could get to the 100,000 tons of ore that contained less than 1% copper.

But even 1% ore is relatively rich compared to some of the low-grade ores that are being mined at a profit. The reason that they can be mined is that it doesn't cost much to dig them. A 2%-ore body might not be touched because it lies too far down and therefore would cost too much to get.

A century ago the average ore ran about 20% copper. One mine in Alaska ran almost 80% copper. But today a mine may be worked if it contains only 0.4%—if the price is high enough. The national average runs something over 0.9%.

• **What's In It**—Another factor that helps determine whether or not a body of ore will be worked is what's in it besides copper. Around 85% of all U. S.

copper comes from sulfide ores—copper mixed chemically with sulfur. Another 15% or so comes from oxides—copper and oxygen. Only about 1% comes from ores in which the copper exists in pure form. But besides sulfur (which is often recovered and used commercially), small quantities of anything from gold and silver to arsenic may be found mixed in with the copper. In some cases where the ore is of especially low grade, the gold, silver, or other metals recovered in the refining process make the difference between profit and loss.

• Recovery—The processes for recovering copper—and other valuable materials—from copper ore are high-powered operations involving almost complete mechanization. That's the only way 18 lb. of copper can pay the cost of digging and handling a ton of rock. Sulfide ores are crushed, pulverized, concentrated, roasted, reverberated, converted, fire-refined, or electrolytically refined before they finally become commercial copper.

Crushing and pulverizing grind the ore fine so that much of the rock can be removed from the copper-bearing material. Oil flotation does the actual separating. The ground ore is placed in a tank of water. Then oil and air are passed through the tank from the bottom. The oil covers the copper-bearing particles but not the others, and air bubbles form around them, floating them to the top where they form a foam. Roasting removes much of the sulfur. More impurities are removed in the reverberatory furnace. Silica is removed in the converter, and the result is a porous and brittle form of copper called blister. This is approximately 98.5% pure and is pure enough to be used for many things, but not for wire. Fire-refining removes more impurities, especially oxygen.

Oxide ores are crushed, leached with sulfuric acid and water to form a solution of copper sulfate. The solution then goes through an electrolytic process where copper is plated out and forms cathodes. Then it's ready for further processing as electrolytic copper. • Sulfuric Acid—Blister copper may also be refined electrolytically. Thin strips of pure copper called starting sheets are suspended in a tank of sulfuric acid along with blister copper cast in the form of anodes, which hang from the positive pole of the electric line. When the current is turned on, the copper from the anode passes through the acid solution and is plated on the cathode. The result is electrolytic copper that will run as high as 99.98% pure.

Native copper doesn't have to go through this kind of process. It is simply crushed, concentrated in a flotation plant, then melted down and formed



### Fans breeze through the shipping department in this H & D corrugated shipping box

Time spent packing goods for safe shipment often is a sizeable business expense—and with highly seasonal products, packing time can be an actual production bottleneck. The makers of Atlas-Aire fans solved their rush-season packing problem with this H & D corrugated box. Built-up pads replace the time-wasting packings formerly used, and protect the fans so well that damage claims now are negligible.

The Package Laboratory is ready to help with your packing problem, whether you're anxious to reduce packing time, or to cut costs... improve display... or provide better protection. For booklet, "Package Engineering," write Hinde & Dauch, 5106 Decatur St., Sandusky, Ohio.

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"...The mint buys a ton of copper for \$500, mixes a little tin and zinc, turns it into \$2,900 of pennies..."

FIGURES OF THE WEEK starts on p. 47

into slabs. They are about 99% pure. • Electricity—Copper owes much of its importance to the people like Faraday, Morse, Bell, and Edison who changed electricity from a thing you got from kites into the power, light, and communications that it is today. Without them, copper undoubtedly would still go into pennies, arrowheads, and brass for buttons and tubas. But today more than half of all the new copper produced every year goes to wire mills. Most of the rest goes to brass mills. But brass mill products contain more copper than wire mill products—the brass mills use a lot of secondary copper—copper recovered from scrap—which the wire mills use sparingly. The other big user of copper is the auto industry—which is a big user of practically everything. Most of the copper in cars turns up in the radiator. There's plenty of wire in the starter and ignition system, but that counts in the electric wire total, too. The tubing of the higher-quality stills during Prohibition was also made of copper.

Uncle Sam has a pretty soft touch. The mint buys a ton of copper for about \$500, mixes it with a little tin and zinc, and turns it into about \$2,900 of pennies.

During the years since the war, the average American has been consuming about 16½ lb. of copper a year. During the first half of the 1920's, he was consuming a little under 10 lb. While it's true that he isn't eating the stuff and most of it will be recovered as scrap, still many uses of copper require new—rather than secondary—copper. So if consumption keeps increasing, the squeeze will get tighter than it is—which is tight.

There are plenty of copper reserves around the country, but most of them still cost too much to get into production now. Copper is being imported from American-owned mines in Chile and elsewhere, but that may not be enough either. Nobody in the industry likes to guess how long present reserves will last because every time someone guesses a new mine is opened that uses lower-grade ore than ever before. This process can keep on almost indefinitely—the only prerequisite being that there be at least some copper in the ore to start with.



If it needs to behave like a latch, a lock, or a linkage...  
we can create it . . . mass produce it . . . precisely

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What's to be gained with a well-designed mechanical motion?

Often, better performance. Often, greater safety. Often, more operating convenience. A properly designed motion can frequently improve *all* of these and therefore, your product's sales appeal.

How do you put such things into a motion? Should it operate by a spring, a cam, a lever, or a pedal? Does it latch, lock, catch, or trip? Must it slide, swing or rotate? Will it be subjected to excessive vibration? Must it be concealed? Our engineering staff has answered these questions for a number of customers, and designed devices to meet their particular set of conditions.

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If this design experience and our careful manufacturing approach suggest new product possibilities to you, they can be put to work on your problem. Our engineers would be happy to discuss it with you.

Our new booklet, "We Make Motions", explains our facilities further. Why not write for your copy today?



THE REID DIVISION OF

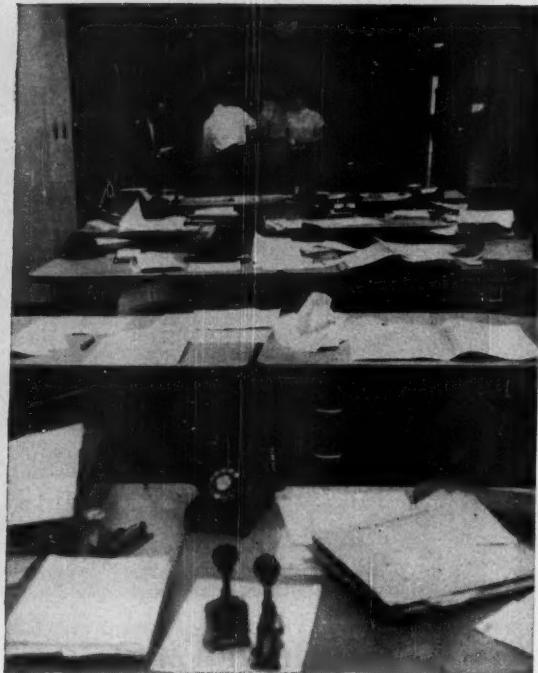
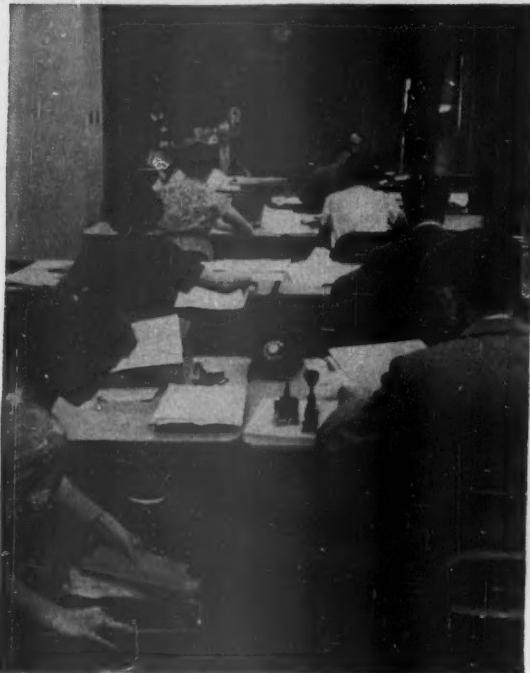


# The Standard Products Co.

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**WE MAKE MOTIONS**

# HABITS



OFFICE WORKERS at Mutual Life Insurance Co. of New York pick up their coffee right in the office from Schrafft's rolling counter.

## Coffee Comes, Employees Stay Put



"WE'VE BEEN DOWN HERE for coffee so long it doesn't pay to go back to the office before we have lunch."

**PROBLEM:** The second-breakfast habit costs heavily in lost work.



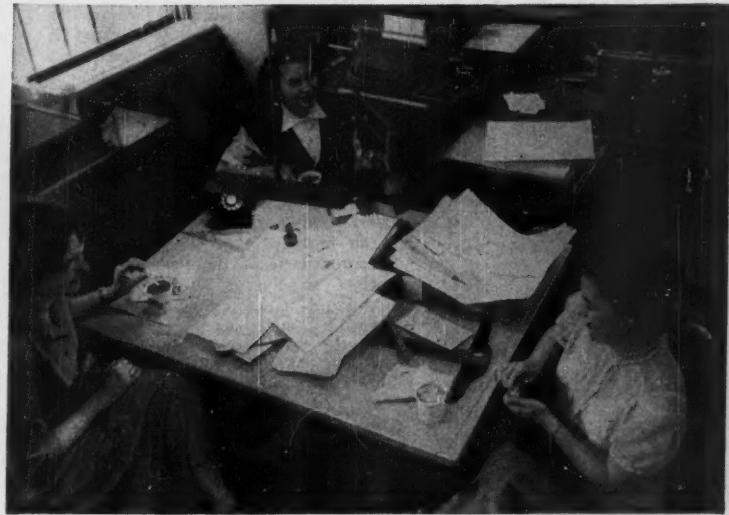
**SOLUTION:** Bring coffee and pastries to employees' desks.

Walk around any metropolitan business district between 9:00 and 10:30 in the morning; you'll think the work day has ended, not begun. Thousands of workers are streaming out of their office buildings and packing into the corner coffee shop.

Upstairs, meanwhile, the boss wanders between rows of vacant desks gloomily calculating hours of lost work time. If he complains, he always gets the same reply: "I just don't feel right until I've had my second cup-a-cawfee."

A number of companies, recently, have found a solution to this problem. They bring coffee to their employees at their desks. That way employees get the lift they need, and work goes on, almost uninterrupted.

Mutual Life Insurance Co. of New York introduced this system when it moved to new headquarters uptown a year ago this month. It made an arrangement, tentative at first, with a nearby Schrafft's store to bring coffee and pastry through the 12 office floors every morning between 9:15 and 10:30. Employees pay, but prices are lower than at the



**BACK AT THEIR DESKS** some Mutual employees chat while they sip, but most keep working. Company figures this system saves about 1,333 manhours a week.



**PUSHCART** passes right by some desks. Coffee and danish pastry cost 10¢ each.



**VICE-PRESIDENTS** Roger Hull (facing) and Stanton G. Hale confer over coffee.

restaurant (10¢ a cup instead of 15¢).

On its first anniversary, this system—dubbed Operation Coffee Klatsch—is hailed as a great success by both employees and management.

For employees, it's easier to have coffee brought than to get up and go out of the building for it. Besides, they can do some of their evening pastry shopping just by giving the Schrafft's waitress their order in the morning; she brings the order in the afternoon.

For management, the system means a saving of about \$130,000 a year in regained manhours.

For Schrafft's, the operation means a guaranteed sale every morning of 55 gal. of coffee, 150 containers of milk, and 1,200 danish pastries. It takes 10 waitresses, pushing 10 specially built aluminum wagons, and aided by two men, to dispense this amount each morning.

News of the Schrafft's service has spread. Six other large companies in New York have signed up for it. And several other restaurant chains in the city are said to be planning to offer the same kind of service to nearby business offices.

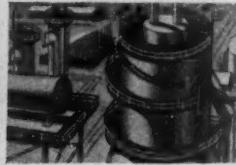
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# NAMES AND FACES



FEDERAL RESERVE BOARD HEAD William McChesney Martin is a respectable . . .

## Young Turk in an Old Job

**William McChesney Martin, Jr., 44, already knows more than most Americans about central banking. Before he went to FRB, he had met its biggest postwar crisis.**

When a central banker wants to talk shop with a brother in the trade, he usually has to go abroad to do it. The central banks of the world are home only to a small, occult fraternity. To the people of their countries, their craft is straight economic voodooism. But what they do, or don't do, sharply affects the pocketbook of every citizen.

The governors of these central banks have the job of managing their nations' credit base. They control the money supply, determine whether it's hard or easy to borrow, whether a saver gets a higher or lower rate on his savings, whether inflation or deflation runs away.

• **Born to It**—It was partly because he grew up in this misty economic climate that William McChesney Martin, Jr., 44, now heads central banking in the U.S. Last March President Truman appointed him chairman of the Board of

Governors of the Federal Reserve System.

In Reserve circles, Martin's father was bracketed in the early part of this century with the great Gov. Benjamin Strong of the New York Federal Reserve Bank as a keen student of this new thing—central banking. Young Martin remembers how his father carried in a valise the papers founding the bank before it even had a home. He remembers, too, that his father started in 1914 to serve for 27 years as chief executive of the Federal Reserve Bank in St. Louis.

### I. The Big Break

Last February young Martin was starting his third year as Assistant Secretary of the Treasury in charge of international finance. His big break came when he stepped out of his foreign-finance

bailiwick at Treasury and moved into the fight with the Federal Reserve System over credit policy and public debt.

The trouble between the Treasury and the Federal traced back to World War II. In 1942 the Treasury announced a fixed pattern of rates at which it would borrow. The Federal Reserve agreed to support government securities in the market at prices that would keep yields pegged to coupon rates. This pegging of prices had the effect of "taking the date off" the securities.

• **Frozen Weapon**—That was fine for war financing, but after the war this commitment of the Federal froze its chief weapon of credit control: It couldn't sell government securities to shrink bank reserves and so tighten credit; sales would depress prices of governments and raise yields.

This straitjacket on open-market operations meant that insurance companies, banks, and other investors could turn in bonds bought during the war—with no fear of loss—for cash to make new loans. The Federal Reserve had little control over this inflationary situation.

Off and on in the postwar years the Federal wanted to shed the straitjacket, unpeg bond prices, and confront holders with the prospect of losses if they sold. But each time the Treasury stopped such a move with its plea that a free market would endanger refundings, upset business, raise the interest cost of the national debt.

• **Fireworks**—On Jan. 18 the Secretary of the Treasury made a speech in New York reaffirming his decision to refinance defense requirements at going rates. This was possible only if the Fed continued its market support at pegged prices.

That set off the fireworks. Reserve officials took their case against this view to the public. The Treasury staged a White House intervention to try to force the Federal in line, but it flopped. Reserve officials were astounded at these blitz tactics. One of them, Governor Marriner Eccles, after a sleepless night, violated protocol by releasing on his own authority a version of what had been said at the White House meeting.

This was the tense situation on Feb. 3. The impasse had to be broken. It was a critical time because Snyder was about to go to the hospital for a cataract operation on his left eye.

• **Martin Steps In**—At this point, Assistant Secretary Martin asked Snyder's permission to have a look at the whole problem with his old friend, Winfield W. Riefler, special assistant to the chairman of the Federal Reserve Board.

It was good timing. Snyder needed someone to negotiate for the Treasury while he was away. He had found Martin able, reliable, thorough, and experienced in domestic finance. The mounting criticism beating in on Snyder made it



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**Northwest Sound Control Co., Inc.**  
**Acoustical Engineering Co.**  
**Midwest Acoustical Co.**  
**Robertson Co.**  
**Queen City Wood Works &**  
**Lumber Co.**  
**Missouri Builders Specialty Co.**  
**Midwest Marble & Tile Co.**  
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**CANADA: William G. Kerr**

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urgent for him to have another go at an answer. So he told his foreign-finance expert to try his hand at the problem.

• **No Pussy-Footing** — Martin and Riebler went to work. They agreed right off to try for a fundamental solution—no pussy-footing job around the fringes. Martin felt that the Treasury and Federal Reserve had both painted themselves into a corner. Both had taken doctrinaire positions; both seemed to have a vested interest in staying where they stood. There was contact only at the top.

• **Top Problem** — The immediate problem that Martin and Riebler had to wrestle with was how to stop the "monetization" of the 2½% long-term government bonds. These securities were offered to the Federal by holders wanting cash to make new loans. Under the prevailing agreement with the Treasury the Federal had to buy these bonds at par or better to keep them from falling in price. That meant pumping out cash into the banking system to support more loans, more spending, more inflation.

The final proposal was for a 2¾% nonmarketable bond that would be exchanged for the outstanding 2½%. It was the outgrowth of an idea Riebler had carried around in his pocket for some time. Martin remembers that something like it had been floating around the Treasury research staff, too.

• **Full Accord** — So the staff conferences were bearing fruit. And Martin was able to sell Snyder on the new financing plan. He cited the longer maturity and the nonmarketable feature as justifying the ¼% increase over the top borrowing rate Snyder himself had set. Satisfied—or reconciled to the inevitable—Snyder gave Martin authority on Feb. 28 to commit the Treasury.

For three days the final negotiations went on. On Saturday night, Mar. 3, the 48-word full-accord statement was issued by Chairman McCabe and Secretary Snyder.

• **Three Points** — The accord itself was made up of agreement on (1) the conversion issue, (2) a free government-securities market — orderly but not pegged at prearranged points, and (3) a "working arrangement" to consult on a regular basis on future policies.

Once the full-accord was signed, sealed, and delivered, Chairman McCabe was able to persuade the President to let him retire. Both McCabe and Snyder suggested Martin as the new chairman. On Mar. 16, Martin's telephone rang—with a call from Key West. That afternoon, the President announced the appointment.

### II. Lighting a Rocket

At Yale, after private and public schools in St. Louis, young Martin showed no immediate interest in his

father's profession. He majored in history and English; economics and finance were just other courses.

But following graduation in the summer of 1928 he went back to St. Louis—and immediately found himself in a series of financial jobs. He caught on in the statistical department of A. G. Edwards & Sons, a small brokerage and investment-banking firm. After spending some months appraising stocks Martin hit the road as a salesman, spent his earnings taking a law course in a night school.

• **Into the Exchange**—In 1931 Martin, then partner in his firm, headed East to operate its membership on the floor of the New York Stock Exchange. It was a tough time to sell securities. He headed for the skyscraper offices of midtown Manhattan, took names off the directories, tried to get past the secretaries to make a sale. And he had some luck.

Martin, then a bachelor, lived in a room at the Yale Club. A nonsmoker, nondrinker, not too much interested in girls, he played tennis and squash, boxed, read a lot, saw practically all the Broadway shows from cheap balcony seats. He never wore a hat in Wall Street until he became chairman of the Stock Exchange governors.

His studious nature claimed a good cut of his free time. Several evenings a week he spent in classrooms at Columbia University, New York University, and the New School of Social Research studying banking, business cycles, economics, and labor.

• **Intellectual Fun**—In 1932 the young broker helped launch a quarterly as a free forum for "able, accurate, and readable description of ideas." Called "Economic Forum," it invited the "foremost economic thinkers and writers" to contribute. Until it suspended in 1937 its pages carried articles by men like Robert M. Hutchins, Richard T. Ely, J. M. Keynes, Sir Arthur Salter, Carl Snyder, Irving Fisher. Martin said that response among his fellow brokers was not overwhelming: "Not enough pictures."

### III. Old Guard, Young Turks

Just about this time the deepening clash within the Stock Exchange was moving toward a climax that was to catapult Martin into national prominence. On one side stood the "Old Guard," consisting of the floor traders, specialists, other independent brokers, and small, old-fashioned brokerage houses. Against them stood the "Young Turks," brokers from the big wire houses who depend for their business on a much broader general public.

The Old Guard wanted to keep the exchange a private club, making its own rules. The rebels called for a more socially responsible attitude, were willing

to extend the olive branch to the Securities & Exchange Commission.

• **Tension Grows**—In the spring of 1938 the clash was becoming acute. William O. Douglas, new SEC chairman, added to the tension by making tougher demands that Wall Street's 146-year-old "club" be broken up, and a paid staff put in charge.

Exchange president Charles R. Gay appointed the Conway Committee to draw up a program of reform. Because of his known ability to handle hard work, Martin got the job as secretary, a key spot on the committee. His previous work on the Committees on Constitution, on Customers' Men, and on Quotations & Commissions earned him the reputation.

• **New President**—In seven weeks, just as SEC Chairman Douglas started to impose restrictions on short selling, the Conway Committee came up with a drastic program of reform. At this point the disclosure of the defalcations of Richard Whitney, former president of the exchange and leader of the Old Guard, put the conservatives to rout.

A new board of governors came into office in May, 1938. Martin was its chairman.

Next came the job of picking the exchange's first \$48,000-a-year president. William Douglas let it be known that Martin was a fellow he could really work with. Martin's youth, 31, made him attractive to some—although the Old Guard called him The Boy Scout. At the end of June, 1938, he took over.

No front-fighter against the Old Guard, he worked quietly, hard, and long on the job of mastering the operation of the exchange.

• **Into the Army**—When World War II threatened, Martin spurned readily available chances to take high government defense posts or officers' commissions. In April, 1941, he entered the Army as a Buck Private under the draft.

He rose rapidly, and in 1943 the Munitions Assignment Board tapped him. He became assistant to Maj. Gen. James H. Burns, Harry Hopkins' executive officer on the President's Soviet Protocol Committee. Martin recalls a three-month trip to Russia in 1943 with General Burns in connection with the special mission of former Ambassador to Russia, Joseph H. Davies.

### IV. In Government Finance

Martin, by then a full colonel, was discharged early in October, 1945. He headed for St. Louis and a vacation. He was there when John W. Snyder, then director of the Office of War Mobilization & Reconversion, telephoned on Oct. 31 and invited him to become a director of the Export-Import Bank. This was the first time Martin had talked with Snyder. He took the job,



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and on Nov. 26 was sworn in. The next year he moved up to chairman and president of the reorganized bank.

• **Good Administrator**—At Ex-Im Martin built a reputation as a good administrator, with a firm respect for what Congress said his institution should be doing. Martin would not let his institution be used as a sock for relief purposes. Export-Import credits were to go for specific improvements, to add to the dollar-earning properties of the debtor country. From this stubborn conviction date most of the few enemies Martin has in Washington.

At Export-Import Martin built up a staff of engineers and economists to appraise projects. Under his administration the bank spread out from being almost wholly a Latin American lending agency to a source of developmental loans all over the world.

• **Into the Treasury**—Soon after Martin went to Export-Import his mentor, John Snyder, moved from OWMR to become Secretary of the Treasury. Snyder knew and respected Martin's ability in finance, especially in foreign finance.

After the surprise Democratic victory in the 1948 election, Snyder realized he had to get some more help at the Treasury. The secretary asked Martin to come over, and on Feb. 8, 1949, he was sworn in as assistant secretary in charge of international finance. It meant a cut in salary from \$15,000 to \$10,000, but both Martin and his wife have private resources, so the extra money wasn't crucial. And the wider challenge of the new job intrigued him. He denies vigorously reports that Snyder's ace in getting him to make the switch was a promise that Martin could have his job as secretary when he resigned.

• **Policy Problems**—At the Treasury, Martin had a bushel of major policy problems. The biggest was realignment of world currencies, especially the pound sterling. Martin heatedly denies the charge that he engineered the devaluation of the pound in September, 1949. Even before he went to the Treasury in February of that year, Martin felt that Britain and other nations had to come to grips with the fact that their costs of production and the exchange value of their money were getting out of line. They faced alternatives of (1) cutting costs at home, or (2) devaluing their currencies.

Martin thought it was not Uncle Sam's job to tell these countries to devalue. But it was his job to tell them that they had to face the facts.

Since the British couldn't or didn't choose to cut costs, they had to take the road of devaluation. That's Martin's view of the incident. It doesn't satisfy all his English critics, who somehow still feel he left them no alternative but to do what they didn't want to do.

## V. The Pragmatic Mind

At 44, Martin is the second-youngest man ever to sit at the head of the table in the Federal Reserve System's handsome board room. (Marriner Eccles has the edge by two months.) He looks even younger than his years. Buoyant cheerfulness, obvious good health, a friendly manner, a good mind, immense modesty combine to make him one of the most attractive top men in Washington. He has a good record—Martin has made good in every big chance he's had.

• **Mystery**—He has not let the country in on much of his thinking about central banking matters yet. Perhaps he doesn't intend to. After all, mystery used to be one of the central banker's prime weapons.

While he has a studious mind, Martin's thinking does not run to the neat theoretical models dear to the heart of the professional economist. In hearings on his nomination before the Senate Banking & Currency Committee, he answered questions in general terms that reflected a pragmatic mind seeking to reconcile the contradictions of real life.

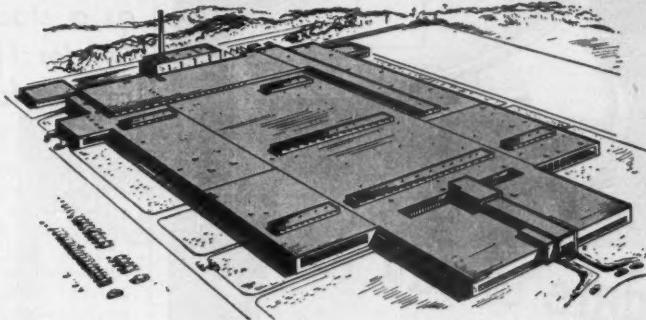
• **No Air Pockets**—“You shouldn't have air pockets in the markets,” Martin told the committee. “There should never be a point where people who have securities to sell cannot find buyers.” He talked of “a money revolution” to describe the readjustment now going on in thinking about money and banking matters. “The only person I personally distrust in the field of economics today,” he declared to the senators, “is the man who knows the answers.”

It was after listening to an hour of this kind of testimony that Sen. Paul Douglas, an uncompromising credit-control-at-all-costs man, remarked, “I wish I detected more steel in you, Mr. Martin.” Douglas voted “Present” when all the other committee members voted to confirm.

• **No Stooge for Snyder**—The senators were especially concerned that his former connection with the Secretary of the Treasury should not prejudice his independence in the new job. His reply showed he was no stranger around Washington: “I am not going into the Federal Reserve as a stooge for John Snyder. I have too much respect for him.”

## VI. The Job Ahead

Martin takes up his job at the Federal Reserve's marble temple on Constitution Ave. in Washington at a troubled time in the central bank's history. The task in postwar years was how to control credit without upsetting the securities market by raising interest rates. A battery of so-called selective controls was wheeled up in consumer



#### A PARTIAL LIST OF TURNER CLIENTS

##### 20 CONTRACTS OR MORE

American Can Company  
Bell Telephone System  
General Electric Company  
Great Atlantic & Pacific Tea Company  
Pennsylvania Railroad Company  
Pratt & Whitney Aircraft Division,  
United Aircraft Corporation  
Scovill Manufacturing Company  
SKF Industries, Inc.  
Socony-Vacuum Oil Co., Inc.

##### 10 CONTRACTS OR MORE

Abbott Dairies Company  
P. Ballantine & Sons  
Carborundum Company  
Colgate-Palmolive-Peet Company  
Congoleum-Nairn, Inc.  
E. I. duPont de Nemours & Co., Inc.  
National Biscuit Company  
The F. & M. Schaefer Brewing Company  
Sears, Roebuck & Company  
Alexander Smith & Sons Carpet Co.

##### 5 CONTRACTS OR MORE

Aluminum Company of America  
American Stores Company  
Bloomingdale Bros., Inc.  
The Bullard Company  
Federal Telephone & Radio Corporation  
(Subsidiary of Int'l Tel. & Tel. Co.)  
International Business Machines Corp.  
Massachusetts Mutual Life Ins. Co.  
E. R. Squibb & Sons  
United States Gypsum Company  
F. W. Woolworth Company

##### RECENT NEW CLIENTS

Brillo Manufacturing Co.  
Certain-Teed Products Corp.  
W. P. Chrysler Building Corp.  
Ciba States Limited  
Electrolux Corporation  
Gulf Refining Corp.  
Johns-Manville Corp.  
Minnesota Mining & Mfg. Co.  
Yale & Towne Mfg. Co.

The new Yale & Towne plant—Philadelphia Division  
The Ballinger Company, architects and engineers

## For materials of peace... or materiel of war

This large modern plant, in Philadelphia, was recently completed for Yale & Towne. Its purpose: the manufacture of cost-saving "materials handling equipment"—chain and electric hoists, powered and hand-lift trucks. For 82 years a manufacturer of locks and builders' hardware, Yale & Towne is intimately acquainted with construction and construction companies. Significantly—like many other industries with similar experience—Yale & Towne for this particular plant "turned to Turner."

# Turner Construction Company

FOUNDED 1902

BOSTON CHICAGO NEW YORK PHILADELPHIA

We dare to say to  
any President\*,  
"The contents of  
this can will increase  
the production from  
nearly every machine  
tool in your plant."  
\*also any purchasing agent, production  
supervisor or shop foreman.

Want Proof? Compare Lusol, at our expense,  
with any cutting fluid you now use. We'll furnish all you  
need for the test at no charge. Simply write: F. E. Anderson  
Oil Co., 211-A, Portland, Conn.

Lusol  
ALL-CHEMICAL METALWORKING SOLUTION  
GETS TO THE POINT

*"... I am not going in-  
to the Federal Reserve  
as a stooge for John  
Synder. I have too much  
respect for him . . . "*

MARTIN story starts on p. 56

credit, stock market credit, and, now, in mortgage credit.

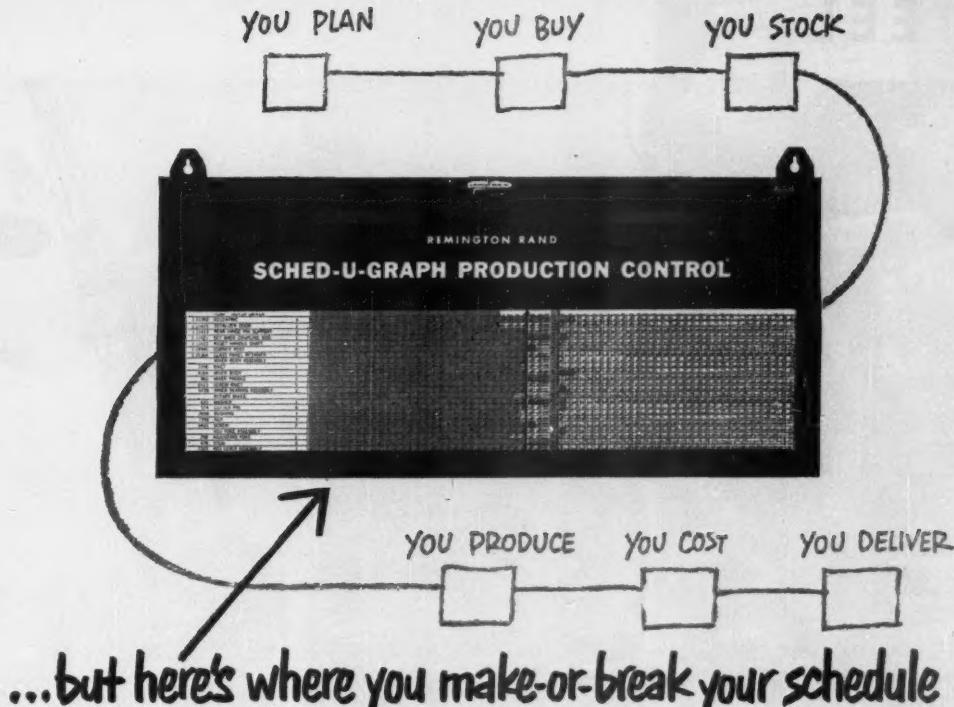
• **The Modest Approach**—But those who believed that general credit controls were also needed—measures that put pressure on bank reserves and so on lending operations generally—had to proceed in such a way as not to upset the securities market. This has led to what John H. Williams, Harvard professor and economic adviser to the Federal Reserve Bank of New York, perhaps the wisest head in the entire system, calls the Modest Approach. It emphasizes influencing the lender rather than the borrower. It accents the availability of credit, as well as its cost. That's why it stresses an unpegged securities market so price changes can influence owners of governments in their decisions to hold or to sell.

It is this doctrine that general controls still have a job to do that Martin finds at the Federal Reserve G.H.Q. as he takes over. It's a view he subscribes to himself. But it faces a tough test ahead. In the next six months the Treasury faces a refunding of some \$39-billion on various issues. The problem now is whether the series of refundings won't strip the Reserve of some of its freedom to keep the lending base tight.

• **The Big Problem**—This is Martin's big problem. In working it out he has to keep his former chief, Secretary Snyder, convinced that an unpegged government market can help. Snyder has been talking lately like a backsliding convert to that key part of the full accord agreement.

Martin's standing with the financial community is a great asset. So are his good relations with the President, Secretary Snyder, and The Hill. A registered Democrat, he is not politically in the Administration, though some unreconstructed New Dealers find him far too conservative for their tastes. He has few enemies in a town where big deals swing on "who's all right" or who isn't. But one agency chief said, "I'm suspicious. You can't do a job in Washington and be liked all around the circle."

Aside from his job Martin hopes to keep up his squash and tennis. But his wife, daughter of one-time Secretary of War Dwight F. Davis (donor of the Davis Cup), would like him to give up the game to spend more time with their three children.



*...but here's where you make-or-break your schedule*

Just look below. You'll see why production men swear by Remington Rand Sched-U-Graph. This down-to-earth device *shows* you, graphically, how close each job is to schedule — *in time to take action if action is needed.*

Sched-U-Graph helped plants do "the impossible" in World War II. It is helping them again today . . . on all types of production and machine load problems. We'll rush without obligation our 32-page Sched-U-Graph Handbook (KD 341) if you'll just phone or write: Room 1141, 315 Fourth Ave., N.Y. 10. **Remington Rand Inc.**

### here's how Sched-U-Graph Production Control works

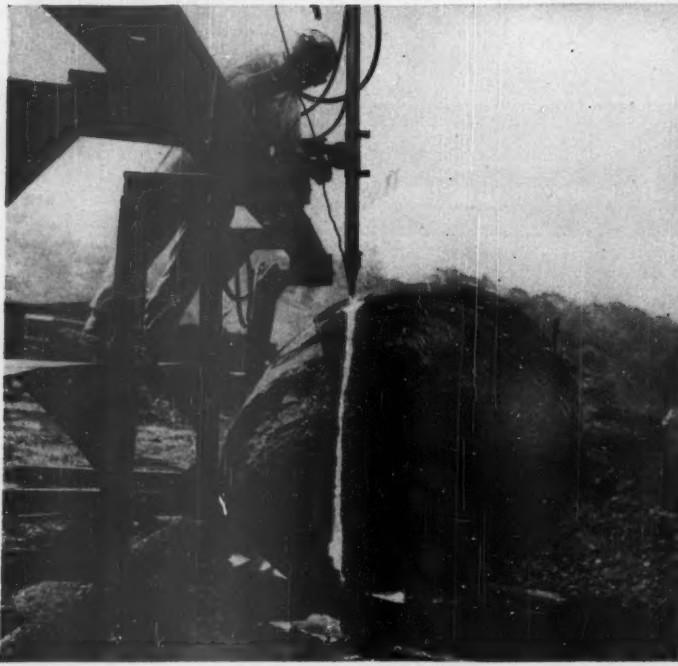
Top line on this Sched-U-Graph represents a pump assembly — each line below, one component part. On each line is recorded, in advance, each day's production quota and the total to date. The sliding bar signals show work actually completed. The black vertical line indicates

today's date, and shows how much work should be done. In this case, all components but one — the totalizer door — are on or ahead of schedule, but the whole assembly is delayed. You see the delinquent in a flash, and know exactly where corrective action is needed.

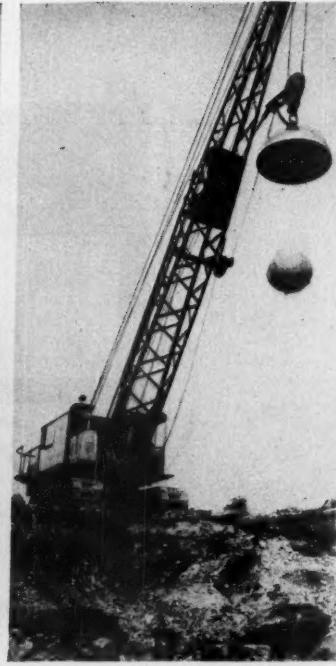
PUMP—MOTOR DRIVEN	
1-11392 ECCENTRIC	1
1-11415 TOTALIZER DOOR	1
1-11413 REAR HINGE PIN SUPPORT	2
1-11421 SET-BACK COUPLING ROD	1
1-11422 RESET HANDLE SHAFT	1
1-24946 CORNER POST	4
1-25364 GLASS PANEL RETAINER	2
MIXER BODY ASSEMBLY	
3356 RIVET	1
8264 MIXER BODY	1
855 MIXER PADDLE	1

Delay  
on this one part  
is holding up  
the assembly

# STEEL



STEEL SCRAP of all sizes turns up on slag dumps. Here a torch cuts down a "button" to manageable size. Buttons are steel that cooled before it could be poured from ladle.



WHUMP! Big hunks of scrap are squashed to usable size by this 9,450-lb. steel ball.

## Slag Dump Yields Harvest of Vital Scrap

When steel mills are running at 104% of capacity, as U. S. Steel is doing in the Monongahela Valley, there is no time for tidy housekeeping.

That means that large quantities of scrap metal—overflows and operational wild pitches of all sorts—are pushed hastily out of the way, then carted off to the slag dump. Because of this enforced haste, from 1% to 2% of the total dumpage at U. S. Steel's huge Gascola dump is valuable metal, most of it recoverable. About 1-million tons of slag, scrap, and refuse end up every year at the big dump 15 miles northeast of Pittsburgh. All the Big Steel open hearths in the valley use Gascola.

• **You Own It**—Even 1% of 1-million tons is nothing to sneeze at in these times when scrap is getting scarcer and costlier by the minute. And it's a closed circle: The more steel you produce, the more scrap goes to the dump, and the more scrap you need to make more steel. Also, you own the scrap on your own dump; there's nothing to pay but the recovery price.

Right there is where Robert M. Chambers comes into the Big Steel picture. He's the man who knows how to comb over the slag dump and get out the ultimate ounce of scrap.

Way back in the prosperous 1920's, Chambers ran a taxi-garage business. The Depression wiped that out, left Chambers in debt. Casting about to salvage his own fortunes, he thought of salvaging scrap.

• **First Contract**—In 1934 Chambers managed to get a sceptical U. S. Steel subsidiary to try him out. The times were all wrong for it. Steel production was low, so were scrap prices. Within a month, the idea was dropped. But Chambers persisted. With the widened steel markets of 1940, Big Steel began to see merit in the scheme, gave Chambers a contract.

Chambers says his starting equipment was a pair of gloves and a debt. Today he has equipment that cost him \$1-million; 125 men work for him steadily, others on occasion.

His contract with Big Steel is simple.

It's up to him to deliver scrap that's 90% free from slag. For this, he gets paid so much per ton, with an adjustment for the metallic content of the small stuff he delivers. No one will quote the exact price, but Big Steel says it's only a "nominal" fraction of the market price.

• **Already Cooled**—Here's how Chambers' outfit works. Railroad cars from the steel mills bring already cooled slag, plus assorted refuse, to the Gascola dump. It's a mess, mostly slag, but well salted with scrap of all kinds, plus broken pieces of refractory linings from the furnaces.

The fresh loads are piled on the top layer of the dump. Chambers' crew—and he works right along with them—pick out the scrap. Big chunks are cut up by torches or crushed by dropping a huge iron ball. This gets them down to sizes that can be charged into furnaces. Smaller bits are sorted by hand. Electromagnets sweep the piles, collecting the steel for loading. When the scrap has been culled out, bulldozers push the re-



HANDPICKING also plays its part. These workmen sort out chunks of scrap from newly dumped piles of slag and open-hearth refuse. In rear is heap of furnace linings.



THE BOSS HIMSELF, Robert M. Chambers, works along with his men in the scrap salvaging business he built up. Chambers has contract to pick over U. S. Steel's huge dump.

100%  
VALUE  
ADDED  
COST

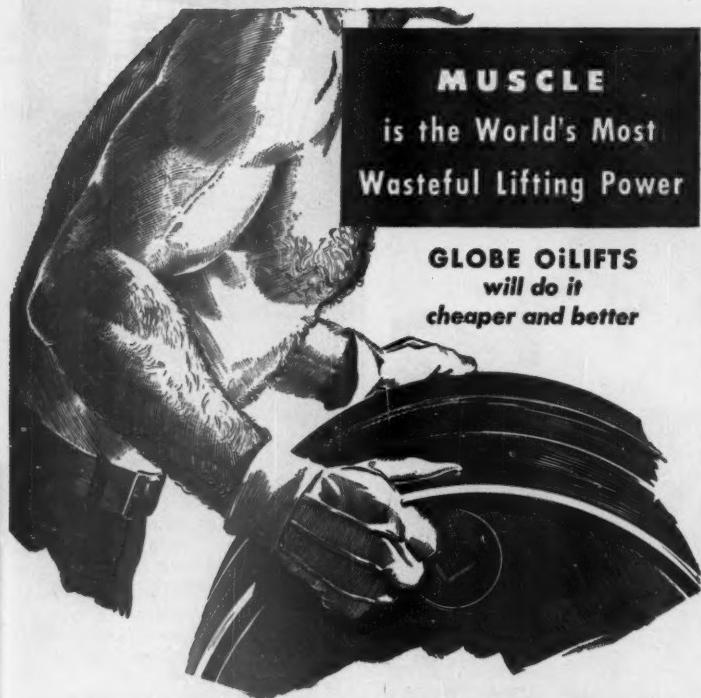
**SO MUCH  
for  
SO LITTLE**

For over 100 years, L. L. BROWN record and letter papers have been widely used for governmental and business records which must withstand time and hard handling, and for business and professional correspondence which must be outstandingly impressive. Although their superiorities have been time-tested and proved beyond question, L. L. BROWN papers add negligibly, if at all, to total accounting and correspondence costs. Paper is but a minute part of such expenses. The difference in cost between the best and the rest is hardly appreciable.

At little or no additional cost, you can be sure your records will last—that your letters will reflect you and your organization impressively. You need merely specify L. L. BROWN papers. Your regular supplier of record books, forms and stationery knows them thoroughly. He will gladly recommend those best suited for your individual needs. L. L. Brown Paper Company, Adams, Massachusetts.

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RECORD  
and  
LETTER  
PAPERS**

Supreme Values  
Since 1849



**MUSCLE**  
is the World's Most  
Wasteful Lifting Power

**GLOBE OILIFTS**  
*will do it  
cheaper and better*

WHAT are the lifting jobs in your plant—heavy, light or medium? Chances are, Globe OILIFTS can save you money.

A Globe OILIFT can work three shifts a day—with never a minute out for rest—no time-and-a-half for overtime. Human muscle is the world's most wasteful lifting power. Globe OILIFT is the cheapest and best. Let us prove that to your satisfaction.

Write today for our Bulletin BW-301 on modern lifting. It is full of practical information on money-saving, production increasing methods of lifting, loading and materials handling.



*Globe Platform Loading Lift. Simple to install. Recessed platform is level with floor when not in use. Capacity to 80,000 lbs.*



**GLOBE**  
**OILIFTS**

GLOBE HOIST COMPANY, 1000 E. Mermaid Lane, Philadelphia 18, Pa.  
(Factories at Des Moines, Iowa and Philadelphia, Pa.)

BY THE WORLD'S LARGEST  
MAKERS OF HYDRAULIC  
LIFTS, ELEVATORS AND  
AUTOMOTIVE HOISTS.

"... an old method works best, he sticks to it..."

SCRAP RECOVERY starts on p. 64

maining waste over the edge of the dump.

• **Track Saving**—There's a money-saving gimmick in this. In the old days, rail tracks had to be relaid every day or so on the dumps, because the slag piles grew so fast. By Chambers method, the tracks can stay in one place for six months to a year. They have to be relaid only when the sides of the dump have moved too far away for economical bulldozing.

Recently, another refinement has come in. The slag itself is being segregated from the rest of the refuse. That's because slag contains about 8% of manganese and 20% of iron. Manganese is scarce, and the Bureau of Mines is developing a method for extracting it from slag (BW—Feb. 24'51, p57). When the process is ready, the slag will be waiting. Some day the iron may be recoverable, too.

That's pie in the sky so far. But the scrap that Chambers recovers is strictly pie on the table. It's sorted into two sizes. Pieces under 3 in. go back to the blast furnaces to be charged back in with iron ore; they're too small for open-hearth use. The over-3-in. pieces are used in the open hearths.

• **Good Enough**—The salvaged scrap, with its 10% of remaining slag, is a less desirable grade than the cropped ends of ingots, billets, blooms, and rolled shapes available in the mills. But it's still production scrap, plenty good to be used to supplement commercial types of scrap. And there's always the cost factor to consider.

U. S. Steel isn't the only company recovering its own scrap in these days of shortage. But Chambers is undoubtedly one of the pioneers of the process. To him it's a career; he has had one week's vacation in 11 years, never heard of a five-day week.

Chambers is always casting about for new methods, like the track-saving plan he worked out with a Big Steel expert. However, when Chambers finds that an old method works best, he sticks to it.

One result is that his equipment is a hodgepodge of old and new. Shiny late-model cranes, shovels, and tractors—all beautifully maintained—work side by side with old solid-tired trucks like father used to make. Some of the trucks are so beat up that they look like scrap themselves. But Chambers finds they are the most efficient for working on the rubber-slashing dumps.

*A New Concept of Sales Planning*

## SALESOGRAPHY

**Geography maps locations**

**SALESOGRAPHY maps customers**

Many sales managers and advertising men are planning their campaigns on the basis of *geography*. They figure by getting distribution in all the major cities, and by concentrating their advertising there, that the job is done.

Nothing is further from the truth. Salesography shows that having distribution in all the major markets is no assurance that your goods get through to the ultimate consumers.

We agree that volume sales of many items are made in the large cities—but to WHOM? Salesography shows that the buying centers are, to a large extent, dependent on the purchases of small town customers. City retailers are well aware of this, as a recent study of ours proves.

### How PATHFINDER reaches "The Ninety Millions"

As you know, "news magazines" are edited for readers of higher than average intelligence, income and influence. In other words, the "Joneses" that other people try to keep up with. Sell the Joneses and you go a long way toward selling the entire community.

In the cities and towns of 25,000 or less, PATHFINDER leads all news magazines by a wide margin. The PATHFINDER representative is trained to help you work out your distribution and advertising plans. Consult him—he is at your service.

Salesography shows the extent to which small town people go to the city to buy. It also proves that advertising directed primarily at city readers fails to reach small town customers whose purchases are counted in city store sales.

In planning your advertising-sales program you simply can't afford to neglect the principles of Salesography. The 90,000,000 people living outside the big cities must be sold in their homes—before they get to the stores. Salesography is based on this sound selling philosophy. And Pathfinder is the key to this unexploited market. Pathfinder is the medium that covers this market with more penetration and at lower cost than any other news magazine. In its field, PATHFINDER stands alone.

# Pathfinder

THE FAMILY NEWS MAGAZINE

WASHINGTON SQUARE • PHILADELPHIA, PA.

## COMMODITIES



### Why they build the F-86 Sabre with "frozen" rivets

ANOTHER EXAMPLE OF PRODUCTION IMPROVEMENT  
THROUGH REFRIGERATION... AND AIR CONDITIONING

**Aluminum alloy rivets** play an important part in plane construction. Aircraft builders use them by the million. To give these little fasteners maximum strength, they're heat-treated at 950°F. This also softens the rivets . . . permits setting them easily. And so that they'll retain both strength and softness after heat-treating, the rivets are given a quick cooling bath. However, many begin to harden again immediately, and that's where refrigeration steps in.

Standard practice is to store heat-treated rivets in cabinets where controlled temperatures range from 32°F. down to 50° below zero! This keeps rivets soft enough (and yet strong enough, too) for use over periods of two weeks or more. Speeds production.

Not an intricate procedure, but it does point to still another use for refrigeration in today's industry. There are, of course, many more time- and cost-saving industrial uses for refrigeration . . . and air conditioning, as well. That is why so many business executives are now considering how these twin allies of production may be used to serve their own production interests better.

Why not talk it over with your consulting engineer? He will gladly explain how modern air conditioning and refrigeration systems are proving a good investment in all kinds of businesses . . . large and small. You'll find most engineers highly recommend equipment designed to use "Freon" refrigerants. That is because these safe refrigerants are dependable, of uniform quality and assure the long, economical operation of the system. Call in your own engineer soon. E. I. du Pont de Nemours & Co. (Inc.), "Kinetic" Chemicals Division, Wilmington 98, Delaware.



Better Things for Better Living... through Chemistry

KINETIC  
**FREON**  
SAFE REFRIGERANTS

"Freon" is Du Pont's registered trade-mark  
for its fluorinated hydrocarbon refrigerants.

### No Lumber Pinch

Prices drop as production and stockpiles keep growing. Last month's shipments, new orders didn't equal output.

Heavy inventories get prime credit for today's softer lumber prices. From coast to coast, dealers report their stocks are at the highest level since 1942—reversing the critical situation of last September, when even the Army couldn't get all the lumber it needed.

Actually, the drop in prices results from a combination of (1) high production at the mills, (2) large inventories, (3) dealer caution in buying until the price and credit control picture clears, (4) evaporation of the freight car shortage, and (5) the drop in housing starts.

As an indication of the high production, the National Lumber Manufacturers Assn. says that for the week ending May 12 shipments were 1.8% below production and new orders were 6.1% below. This was the third straight week that production outran both shipments and new orders.

• **Prices Down Everywhere**—Prices are reacting by moving downward or remaining unchanged. Some of the drops are in fir only, some in both pine and fir—but the trend is nationwide:

- Baltimore prices of all sizes of fir were down from \$6.50 to \$14 per thousand board feet; pine 2x6 and 2x10, down \$5.

- Boston showed a drop of \$5 in four sizes of fir. In pine, all sizes except 2x10 dropped below previous reports.

- Chicago pine prices dipped from \$5 to \$8; fir, \$5 to \$6.

- Cincinnati prices slumped from \$1 to \$7 per thousand board feet in all sizes of pine. Five of the seven fir classifications dropped; one (3x12) went up by \$1.30.

- Cleveland showed all sizes of pine declining, no change in fir.

- Detroit reported drops in two sizes of pine, no change in others. No changes in fir.

- Los Angeles noted a \$2 drop in all fir sizes.

- Birmingham, Dallas, Denver, Minneapolis, San Francisco, Seattle, and Kansas City reported no changes.

- **Plywood for Civilians**—There's no shortage of plywood in sight. The Douglas Fir Plywood Assn. says output is big enough to assure civilian users more plywood than the industry produced during 1949. Weekly production is hitting around 55-million sq. ft.

# SPRA-TAINER Does It Again!

Bridgeport chooses modern design! Bridgeport uses SPRA-TAINER in two convenient sizes to pressure-pack its famous propulsion products. SPRA-TAINER is first choice with manufacturers everywhere. Due to Crown's Special Patented Method of Fabrication, SPRA-TAINER has "No Side Seam—No Top Seam." The result: greater strength, better appearance, utmost dependability. If YOUR product will s-p-r-a-y, it will almost certainly sell better in a SPRA-TAINER.



Outstanding Bridgeport Products In The Crown SPRA-TAINER  
Plastic Coat ★ Aer-A-Sol ★ Good-Aire  
Residual Surface Aer-A-Sol ★ Mothproofer

One of America's Largest Can Manufacturers

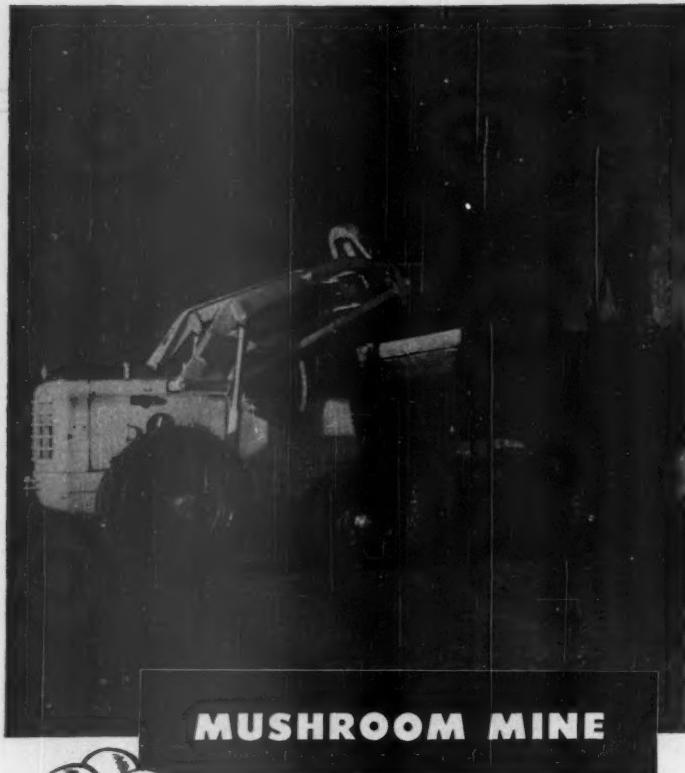
**CROWN CAN**  
Division of  
**CROWN CORK & SEAL COMPANY**

Plants at Philadelphia, Chicago, Orlando • Branch Offices: New York, Baltimore, Pittsburgh, St. Louis

SPRA-TAINER was the  
First and Original light-  
weight pressurized can,  
and is still the Leader:

FIRST  
ON THE MARKET  
FIRST  
IN SALES

## READERS REPORT



### MUSHROOM MINE

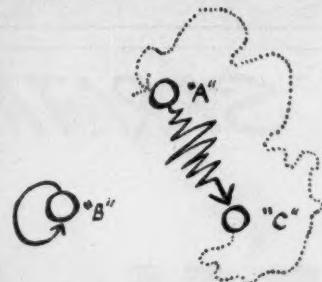


Mushrooms are no longer "where you find them." Today they're often grown underground in caves or abandoned mines — a strange and fascinating adventure in agriculture. At one of the largest of these mushroom "mines" a PAYLOADER tractor-shovel is an important factor in turning out 8 tons of mushrooms per day.

It loads, carries and handles dirt, manure, and other bulk materials, above the ground and far below; saves manpower, time and money. This PAYLOADER application is one of the "Odd" ones but is typical of the great savings in time and labor that PAYLOADERS are effecting in plants, yards and construction — wherever the handling of earth and bulk materials is involved.

PAYLOADERS dig, scoop up, load, dump, carry and spread . . . lift, haul and push . . . travel swiftly on or off hard surfaces, maneuver in close quarters. They save manpower, save time and boost production in countless ways. There are six sizes from 12 cu. ft. to 1½ cu. yd. bucket capacity — all sold and serviced by responsible Distributors world-wide. The Frank G. Hough Co., 700 Sunnyside Ave., Libertyville, Illinois.

WRITE for complete information on PAYLOADERS and the name of the nearest Distributor. There is no obligation.



### Ex Communicado

Sirs:

The diagrams accompanying your article on "How Should Executives Talk to Each Other?" [BW—Apr. 28 '51, p 106] has inspired me to draw up the communications pattern above for the company I work for. We fabricate small metal products.

"A" is the ill-tempered, gravel-voiced president and 80% owner of the company, "B" is his wife's nephew. As you may have guessed, I am "C."

NAME WITHHELD

CLEVELAND, OHIO

### Slip Sighted

Sirs:

Your slip was showing very noticeably when you stated, "A \$3 stock that goes up to \$5 nets a 40% gain for its owner" [BW-May 12 '51, p 142]. A profit of \$2 on a \$3 investment is a 66 2/3% gain by my arithmetic.

But don't fret. You still give a better concise report of business than any other magazine.

DONALD H. THOMAS  
MINNEAPOLIS, MINN.

### Expendding Management

Sirs:

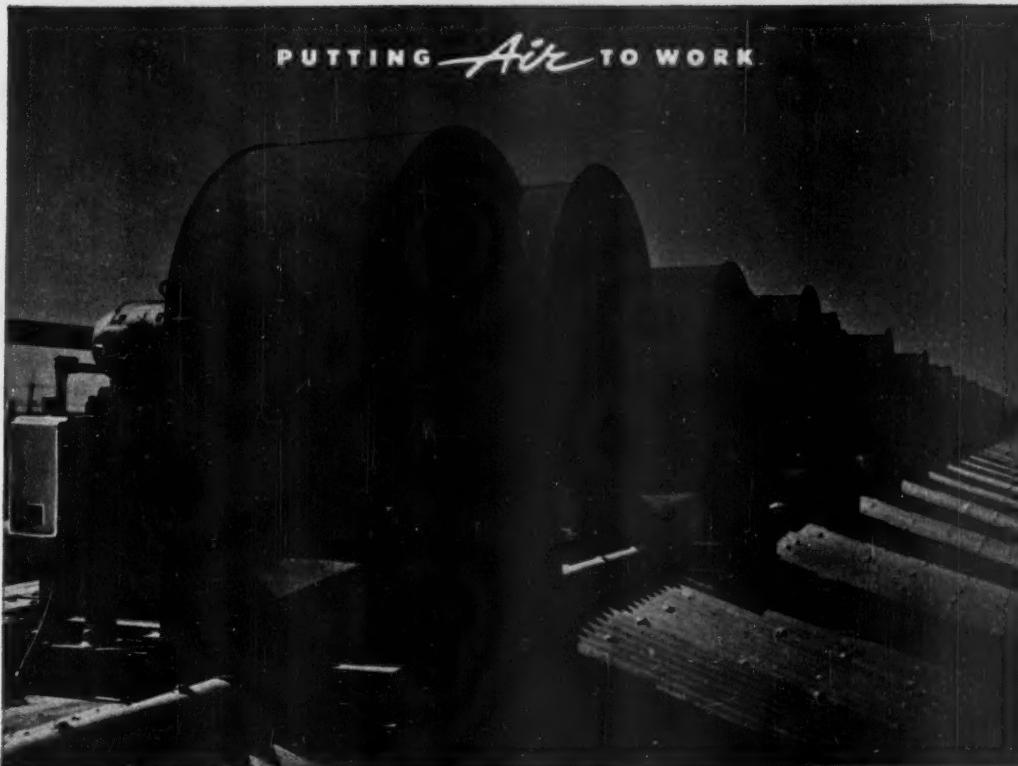
I was particularly interested in Dr. Fabricant's answers to the query, "What ails productivity?" [BW-May 5 '51, p 64].

Part of the answer lies in the lavish expenditure of one of America's greatest assets — its management manpower. You don't schedule steel production, for example, at 104% of capacity without requiring its supervisory production personnel to put in work weeks of from 50 to 65 or more hours, and those hours are not spent in leisurely fashion.

One gets accustomed to the new regime because everybody's doing it — from operating vice-presidents on down the line. But the pace is taking its toll of good men in every level.

If "productivity depends on how effectively one uses new ideas, new pro-

PUTTING *Air* TO WORK



## 28 LUNGS THAT EXHALE AN EXPLOSIVE HAZARD

Every 60 seconds there must be a *complete* change of air in this building. Reason: to prevent the accumulation of explosive hydrogen, used in manufacturing ammonia. But what could be a dangerous process in this new synthetic ammonia plant is made safe by this exhaust system—Sturtevant Elbow Axial Flow Fans—28 strong, right down the rooftop.

Strong north winds can't "back-pedal" these fans, and rain is completely shut out. Motors, bear-

ings and belts are located outside the air stream—an industry-proven advantage in exhausting corrosive fumes.

Whatever your problem—air handling, air conditioning or air cleaning—there is Sturtevant equipment specifically designed to help you *put air to work*.

Contact your local Sturtevant office, or write to Westinghouse Electric Corporation, Sturtevant Division, Hyde Park, Boston 36, Mass.

YOU CAN BE SURE...IF IT'S

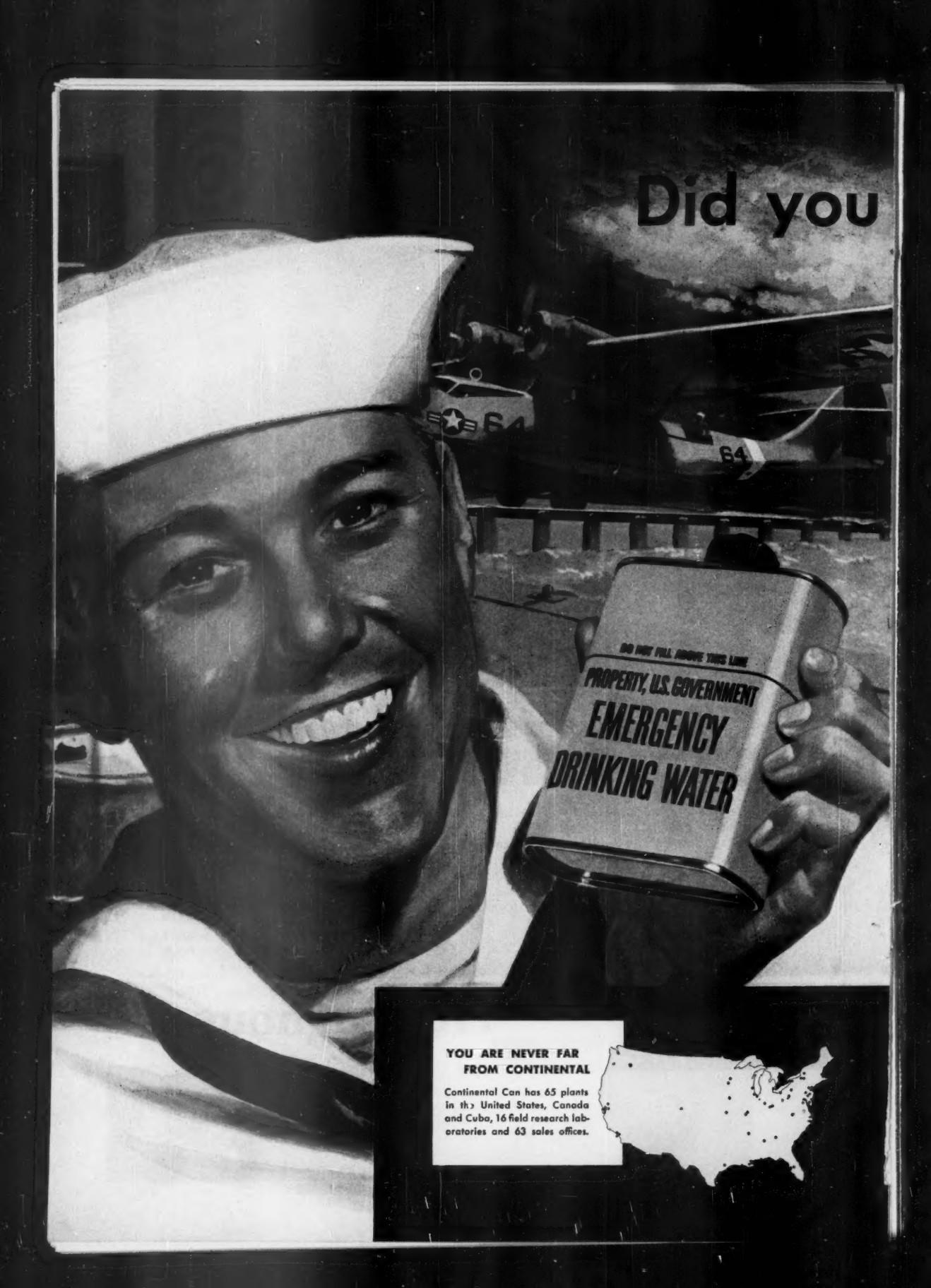
# Westinghouse

PUTTING *Air* TO WORK

J-80213



# Did you



DO NOT FILL ABOVE THIS LINE  
PROPERTY, U.S. GOVERNMENT  
**EMERGENCY  
DRINKING WATER**

**YOU ARE NEVER FAR  
FROM CONTINENTAL**

Continental Can has 65 plants in the United States, Canada and Cuba, 16 field research laboratories and 63 sales offices.



# ever see canned water?

CANNED WATER can be a lifesaver if you ever find yourself at sea on a rubber life-raft . . . or are trapped in an isolated battle area dependent on parachuted supplies. But the canning of drinking water turned out to be one of the toughest canning problems ever faced.

What's so hard about canning plain water? Just fill an ordinary canteen, let it stand around for a couple of months, then taste the contents—and you'll know why water is a tough "product" to can.

Water picks up off flavors and has no flavor of its own to hide them. It rapidly rusts containers. It may contain bacteria which may multiply and make it undrinkable. To top it off, water expands when it freezes and this expansion will split an ordinary container wide open.

The first experiments with canned water that we know of were conducted in the Continental Research Laboratories in 1930. But the problem of emergency drinking water was not finally solved until 1941. Then an experimental program was started at Northwestern University Medical School and followed through with intensive research at the Continental Laboratories.

A wax-lined container was developed which is filled with a specially tested, slightly alkaline water. Many millions of these were packed for the Armed Services in World War II. It was intended that these cans of water would be replaced about every six months . . . but many of them stayed in aviation seat packs for two years or more and the water remained drinkable.

*If it's a packaging problem—it's our baby!*

The canning of emergency drinking water is just one of the developments in packaging in which Continental has had a hand. Our research people have worked with thousands of separate products. So if you package a product, there's a good chance that Continental can help you do it faster, more economically and more attractively. Let us see what we can do for you.



**CONTINENTAL**  **CAN COMPANY**  
CONTINENTAL CAN BUILDING      100 E. 42nd ST., NEW YORK 17, N. Y.



TIN CANS



FIBRE DRUMS



PAPER CONTAINERS



STEEL PAILS AND DRUMS



CAPS AND CORK



PLASTIC PRODUCTS



DECOWARE



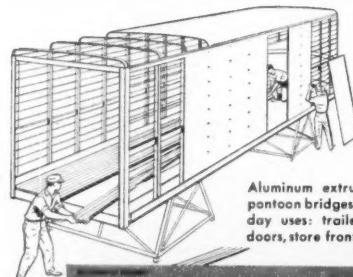
Assembling an M4 pontoon bridge at Ft. Belvoir, Va., home of the Army Engineers.  
The rustproof aluminum is painted, not for protection but to reduce visibility.

## ...for the bridges yet to be crossed

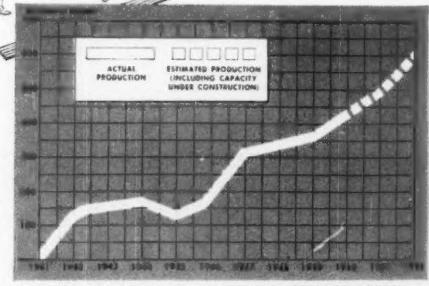
To span rivers swiftly, the ready answer is the aluminum pontoon bridge... flown to the spot in sections. It's a floating aluminum roadway! And in the tanks and trucks that rumble over it, thousands of vital parts are aluminum. Aluminum foil protects the food and drug supplies they carry. Overhead, the sky is full of aluminum...the metal that accounts for more than two-thirds of a bomber's weight!

The military uses of aluminum grow as dramatically as its civilian uses. People prefer light, strong, rustproof aluminum for windows, gutters, farm roofing, irrigation pipe, air-conditioning ducts. Manufacturers as well as consumers find premium advantages in aluminum parts for automobiles, refrigerators, washing machines. And the "kitchen engineers" of America await the return of their own pure aluminum household foil... Reynolds Wrap.

Today's production expansion will provide more and more aluminum for all these uses, first military and then civilian. Reynolds is working full time, full speed at the double job we all face... fighting shortages and inflation while we fight aggression. Reynolds Metals Company, General Sales Office, Louisville 1, Ky.



Aluminum extrusions, as used for pontoon bridges have endless everyday uses: trailer floors, windows, doors, store fronts, railings, etc.



Expanding aluminum production of Reynolds Metals Company



# REYNOLDS ALUMINUM

cesses," it seems almost axiomatic that fatigue will certainly slow up the effectiveness of any new ideas. This is not wholly true, of course, because any change would tend to reduce fatigue, for the moment at least. Nevertheless, the bright gleam in anybody's eye must necessarily be dulled by the punishing pressure to which all important manufacturing is being subjected under present conditions.

If we allow our management manpower to undergo a serious depletion—the people with knowhow, the people with do-it-now technique (for it is not enough to have knowhow—you also need do-it-now aptitude)—we will be losing our war against communism at the point of our stanchest bastions.

RICHARD F. BLOUGH

JOHNSTOWN, PA.

### No Exclusive Deal

Sirs:

Reference is made to your article "Trio Unites to Save United Artists" [BW-Apr. 28'51, p102], in which it is stated that Mr. Matthew Fox is "better known for wrangling an agreement recently with Indonesia to represent it exclusively on all imports and exports involving the U. S."

I wish to point out that no such agreement ever existed between Mr. Fox and Indonesia. The agreement to which you obviously refer never intended an exclusive right to be granted on imports and exports involving the U. S. It merely established the so-called American Indonesian Corp. to act as a purchasing agency for goods needed by the government, and selling agency for goods owned by the government. These goods constitute only a small part of the total imports and exports.

The American Indonesian Corp., however, never operated as set forth. The agreement, thus never implemented, was dissolved by mutual consent of the parties. It was understood that Mr. Fox preferred to establish himself as a private businessman in Indonesia, rather than act as a procurement agent for the government of Indonesia in the United States. I may add that the Indonesian government also encourages other American businessmen to participate in the business with Indonesia.

J. IMAM PAMPEDJO

HONORARY CONSUL,  
REPUBLIC OF INDONESIA,  
NEW YORK, N. Y.

### Investment Plight

Sirs:

In "Too Much Work, Not Enough Product" [BW-May 12'51, p168], you point out, "One thing is sure: To offset the negative factors at work, we need



## Help solve these manpower problems with a

### Crotty-run factory restaurant

You can profit from the experience of plants in 45 cities across the country. Learn how a well thought-of, Crotty-run employee cafeteria solves a multitude of day-to-day problems.

Just a few of the many nationally known companies served by Crotty for 10 years or longer:

John Deere Harvester Co., East Moline, Ill.  
General Motors Corp., New Departure Division, Meriden, Conn.  
Portsmouth Naval Shipyard, Portsmouth, N. H.  
Crane Company, Chicago, Ill.  
Royal Typewriter Co., Inc., Hartford, Conn.  
Bendix Aviation Corp., Scintilla Magneto Division, Sidney, N. Y.  
United States Rubber Company, Eau Claire, Wis.  
American Woolen Co., Lawrence, Mass.  
Aldens, Inc., Chicago, Ill.  
Mock International Motor Truck Corp., Allentown, Penna.

**If you need a lunchroom . . .** Crotty Brothers will help you set up a feeding method that can be quickly and economically installed in your present facilities.

**If you now run your own . . .** Crotty Brothers will relieve your people of all supervisory time, trouble and expense . . . and assume full responsibility for its satisfactory operation.

**Now is the time to ACT!** Your firm needs every advantage to cope with increasing manpower and output demands. Mail the coupon today for booklet "Employee Feeding Methods" and Operating Checklist.

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BROTHERS INC.**  
OPERATING IN 16 STATES AND 45 CITIES

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CROTTY BROS., INC.  
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Please send me without obligation your FREE Checklist of Operating Procedure, and Booklet "Employee Feeding Methods".

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By \_\_\_\_\_ Title \_\_\_\_\_

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City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

FOOD SERVICE MANAGEMENT SINCE 1930

# *Speeding* Rivet Production



**KEYSTONE  
TUBULAR RIVET  
Wire**

According to production men, Keystone Tubular Rivet Wire has what it takes to increase production efficiency.

The special techniques and processing methods developed by Keystone have produced a tubular rivet wire with *exceptional* forming qualities for both extruded and drilled rivets.

The wire recommended for *drilled* tubular rivets has the proper hardness for longer drill life. The wire recommended for *extruded* rivets has uniform metal flow qualities required in extrusion headers. Both types have exactly the right ductility for cold heading and excellent roll crimping.

*Regardless of the performance demanded in your products,  
consult Keystone for the wire to meet your  
most exacting specifications.*

**KEYSTONE  
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SPECIAL ANALYSIS WIRE, SETTING  
NEW STANDARDS OF PERFORMANCE

**PEORIA  
ILLINOIS**

all the investment in new machines and methods allowable within the margins of the mobilization program." You may have overlooked the fact that the same negative factors are operating to prevent such investments.

Before we make a cost-saving investment, we estimate the annual real savings and deduct from them an allowance for the amortization (depreciation) of the new machine. Then we have to deduct the marginal income and excess profits taxes. The remainder then becomes the profit to be expected from the investment.

Let us suppose that the annual real savings that would result from a cost-saving investment before tax deduction are equal to 10% of the proposed average investment. Before the war, about 8% would have been left for profit on the investment; between 1946 and 1949 about 6% would have been left; but now all except 2% is confiscated. Probably 8%, possibly even 6%, return would have justified the investment. But certainly 2% does not.

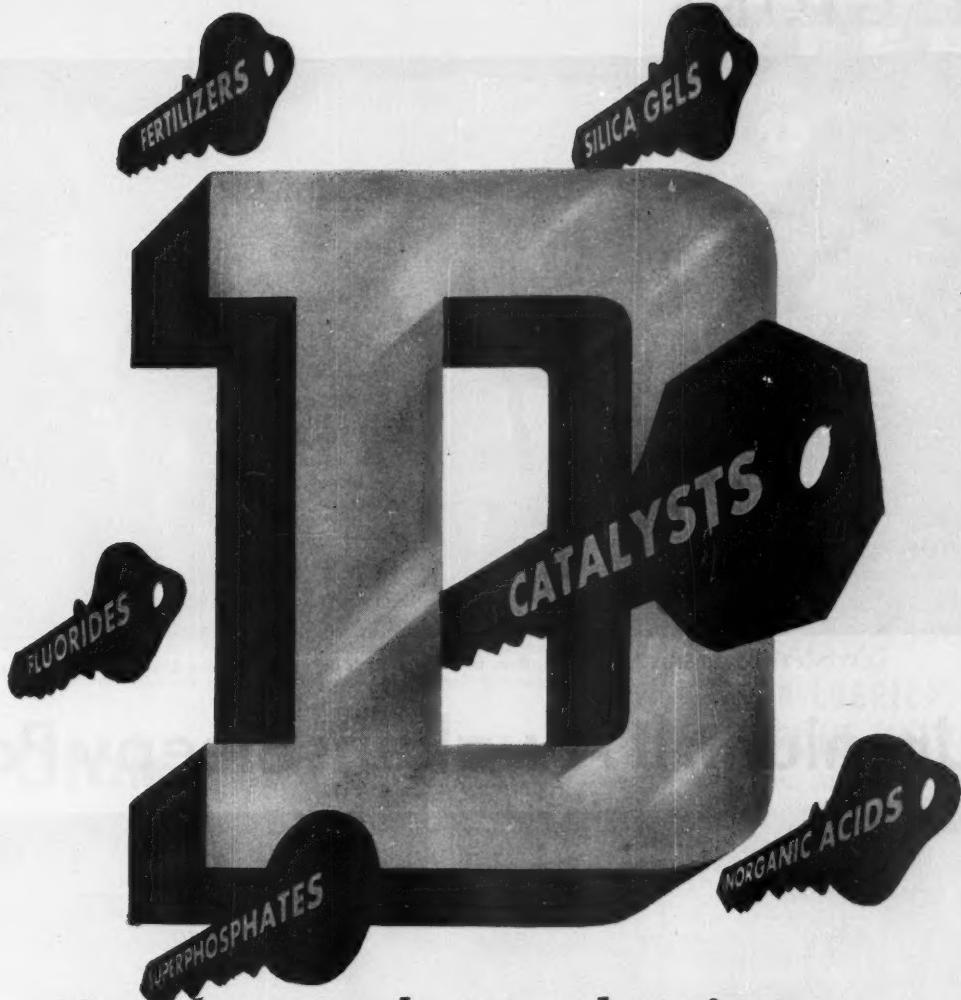
Investments for expansion are likewise curbed by taxes, but, after the supply has been sufficiently curbed in relation to demand, the selling price may rise enough to pass on part of the tax to customers. Presumably the object of price control and statutory renegotiation will be to stop any passing on of the taxes, and hence to further curtail capital formation.

For those who think that the trustees in charge of corporations should invest the stockholders' capital purely for the privilege of earning taxes for the government, it should be pointed out that the taxes do not leave much to invest. Also, as tax accounting makes no allowance for the depreciation of the dollar, the little that is available may be needed merely to maintain the pre-existing purchasing power of the working capital.

For a half war, profits are taking more punishment than for the previous full war. The marvel is that in the face of such handicaps business has made the investments and progress in efficiency that it has made. The past habits and inherent optimism of our engineering and sales departments rather than the logic and mathematics of financial management may account for this. How long the momentum of the past can carry us through such an unfavorable environment remains to be seen.

E. STEWART FREEMAN  
COMPANY AUDITOR & ECONOMIST,  
DENNISON MFG. CO.,  
FRAMINGHAM, MASS.

Letters should be addressed  
to Readers Report Editor,  
BUSINESS WEEK, 330 West 42nd  
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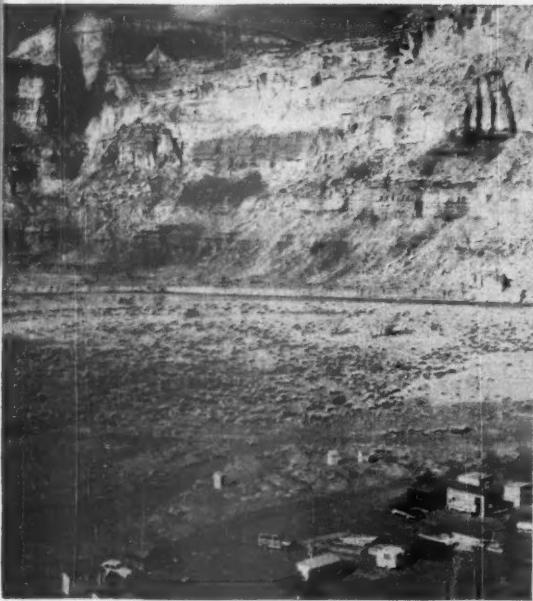
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# REGIONS

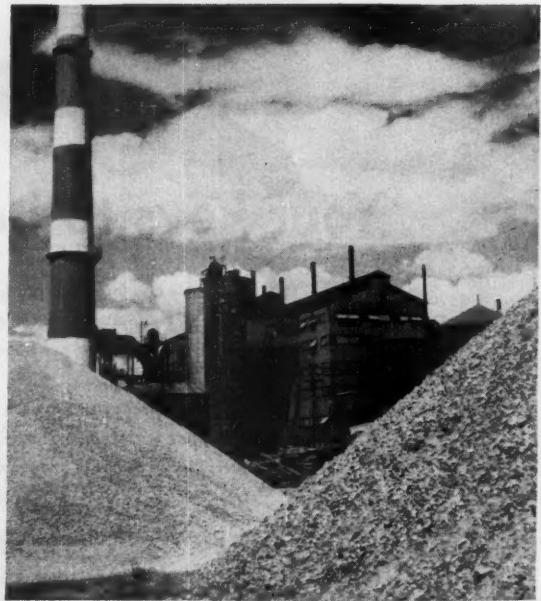


LEAVING THE SUNLIGHT behind them, these miners begin their day's work in one of Utah's uranium ore pits.

## Uranium: It Awakens Sleepy Parts



1 PROSPECTORS and miners swarm into the backlands and set up camps—building for big operations.



2 REFINERIES are beginning large-scale operations. This one at Salt Lake City processes 1,000 tons of uranium ore a month.

Want a mood lift?



UTAH TOWNS like Marysvale are being jolted awake by epidemic of uranium fever.

## of Utah

(STORY STARTS ON PAGE 80)



3 ROADS are now being bucked out of the rocky desert to remove precious uranium ore and to carry equally precious tourists in and out.

KEEP  
VALVE LUBRICANTS  
**OUT**  
OF AVIATION GASOLINE



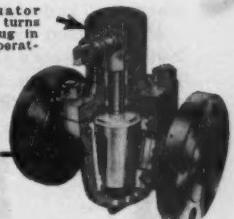
### *Cameron* NON-LUBRICATED LIFT-PLUG VALVES

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Aviation gasoline is one of a number of difficult industrial services where these remarkable valves have turned in an outstanding performance. They may hold the answer to your valve problems, too. Send today for literature.

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which lifts, turns  
and seats plug in  
 $\frac{1}{8}$  turn of operating  
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Separate,  
renewable  
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out removing  
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**...The boom is timely.  
Uranium is a \$10-million-a-year business in Utah . . . "**

REGIONS starts on p. 78

Marysvale, Utah, a sleepy town of 626 people, woke up one morning to find it was a boom town. The rush is on again. Bulldozers and steamshovels are hacking up the nearby mountains. Prospectors, promoters, and miners are swarming into town; you can almost hear the tinkling of an old-time player piano in the corner saloon. But this time it's not gold they're after—it's uranium.

Marysvale is not the only Utah town swept by uranium fever. Hanksville, in southeastern Utah, is the center of much uranium exploration. It is the biggest thing to hit there since the days of Zane Grey's "Wild Bunch." • More for Utah—Uranium has brought more prosperity to Utah than to any other state. The Atomic Energy Commission says there's a lot of ore in the state, and the potential seems unlimited. Nor is the demand likely to decrease—not when it takes approximately 82,000 lb. of Utah uranium ore to produce a single pound of explosive material.

Hanksville, population "about 100," is typical. It's next to the Temple Mountain Development, the San Rafael Swell, Henry Mountains, Hite, and White Canyon—all uranium-producing areas. This is the heart of the Colorado Plateau area. Philip L. Merritt, assistant director of AEC's raw material operations, says it "may be thought of as composing a great uranium province."

• A Timely Boost—The uranium boom is timely, coming when the southern part of the state is suffering from a crushing, three-year drought. Now uranium is a \$10-million-a-year business in Utah—no staggering sum but a healthy boost.

• Processing Begins—Important contributor to Utah's shiny future is reactivation of the war-born Kalunite plant in Salt Lake City. Here the Vitro Chemical Co. will process uranium ores from southeastern Utah. Vitro Chemical is a wholly owned subsidiary of the Vitro Mfg. Co. of Pittsburgh—long-time processor of uranium ores for ceramic pigments.

The plant itself, built by the government in the early days of World War II, was operated by Kalunite, Inc., in an ill-fated effort to extract alumina from kalunite clays found around Marysvale (BW—Sep. 29 '45, p 34). Kalunite had to abandon this project in 1945. Vitro invested \$500,000 to convert the plant

## He never knew what hit him!

This night watchman was slugged. The premises he was protecting were burglarized. Merchandise loss: \$7,900.00.

The owner who suffered the loss never knew what hit him, either. As usual, his merchandise was in the hands of the "fence" before the burglary was known to the police, and was, perhaps, stolen "to order."

Over 1,100 burglaries a day occur in the United States—an ever increasing number in the smaller communities. Nine out of ten happen at night, and all this in spite of locks, bars, burglar alarms . . . and night watchmen.

Businessmen can insure against loss caused by burglary with National Surety's Open Stock Burglary Policy. Remember . . . your stock will be increasingly difficult to obtain, its cost will be greater . . . thus making your merchandise a more attractive target.



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CORPORATION**

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## INSECTICIDES...

### one of many uses for CHLORINE

Chlorine is an essential component of many insecticides and weed killers. But it is also in heavy demand for other important uses. To its direct applications as a bleach and as a sanitizing agent are added its constantly expanding use in the manufacture of pharmaceuticals — anti-freeze — chlorinated hydrocarbons for solvents and refrigerants — synthetic glycerine — chlorinated styrene and polyvinyl chlorides for plastics and rubber.

Matching chlorine production with demand is particularly difficult in times like these. Mathieson is increasing its production facilities to provide this basic chemical and many of its derivatives on a broad scale. Consult Mathieson — possibly a program to meet your future needs can be arranged.

Mathieson Chemical Corporation, Mathieson Building, Baltimore 3, Maryland.

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## IDEAS FOR SHIPPING ORDERS FASTER

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ANTICIPATING a rising volume of orders, a midwest furniture manufacturer welcomed the continuing service of Standard's representative in re-study of a key record system—a system which itself had "greatly reduced the paperwork required" a few years before. The striking outcome of thorough A,B,C analysis, (outlined below) is fully described in PS. 18\* . . .

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**C. Design the most efficient form.** Half the total number of copies written before, now convey information better.

*Paperwork Simplification* is being directed today to helping our customers get the most out of their Standard Register systems. Representatives, analysts, form designers, servicemen are re-examining systems . . . against today's requirements . . . with the above three basic objectives.

\* "PS." ideas and information are available to all. Write for recent issues of *Paperwork Simplification* magazine. The Standard Register Co., 706 Campbell St., Dayton 1, Ohio.



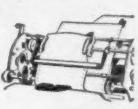
KANT-SLIP  
continuous forms



Feeding-aligning devices:  
THE REGISTRATOR  
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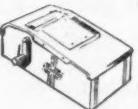
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Carbon interleaved

"... New discoveries in Utah may be among the most promising yet found . . ."

REGIONS starts on p. 78

to a uranium processing mill. Now it is operating full-scale.

Other uranium mills are operating in Utah—at Monticello, 300 miles southeast of Salt Lake City, and at Hite, on the picturesque Colorado River. Galigher Co. of Salt Lake City, which operated the Monticello plant, has announced a new technique that is increasing uranium production. The Vanadium Corp. of America operates AEC's pilot mill at Hite, a colorful river crossing four hours from the nearest telephone. AEC controls all these plants by a strict licensing system.

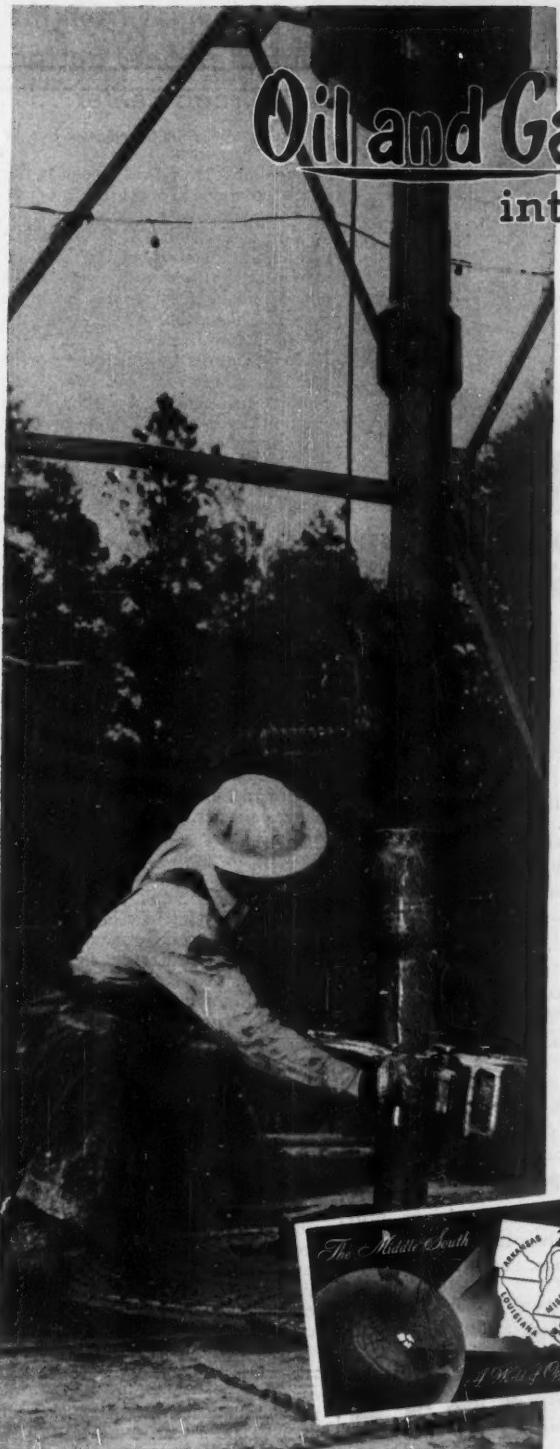
• **Ore-Buying Depots**—Besides these mills, AEC has ore-buying depots at Marysville and Monticello. These are operated by the American Smelting & Refining Co. Buying at these depots has increased since AEC announced higher prices for uranium ore in March. These prices are based on a sliding scale, with bonuses for quantity and quality. Roughly: Ore testing 0.17% uranium oxide now brings \$21.42 per ton at a depot. This includes transportation costs paid by AEC at a rate of 6¢ per ton-mile.

Figures on the amount of ore bought are secret. But it is known that a major producer, such as Consolidated Uranium Co. at Temple Mountain or the Bullion-Monarch Mining Co. at Marysville, may turn out about 1,000 tons of ore a month.

• **Bad With the Good**—Not everything is rosy in Utah. The ore mined at Marysville and Monticello, and other ore mined in the area, is generally low grade—less than 2% uranium oxide. But there have never been any strikes of extremely rich ore in the United States. AEC's Merritt calls a new discovery on the Navajo Indian reservation along the Arizona-Utah border "outstanding." The Muddy River development near Capitol Reef National Monument and several other new areas also show promise. AEC says that new discoveries in Utah may be among the most promising yet found.

Most of these producing areas are in the heart of the nation's least-explored, hardest-to-reach area. The Muddy River development, for example, lay 50 miles from the nearest wagon-track road until the Utah Uranium Co. bulldozed a semblance of a road to it. Water still has to be hauled 32 mi. to this camp.

• **III Wind**—This transportation difficulty has been a terrific headache to the



## Oil and Gas pour prosperity into the Middle South

Oil and gas companies invest millions in a constant search for new sources in the Middle South. They drilled more than 13 thousand new wells here during the past 5 years. Over 9 thousand were producers, and daily average production, from all wells, is now 808 thousand barrels of petroleum and 2½ billion cubic feet of natural gas.

Steadily rising over the years, reserves today total 30 trillion cubic feet of gas and 2½ billion barrels of oil. Such reserves assure a bright future for oil, gas and many other industries in Arkansas, Louisiana and Mississippi.

The oil and gas industry contributes far more to the economy of the Middle South than the vital materials and fuels for factories. Each year it markets a billion dollar product; employs 42 thousand\* people with a payroll of 152 million dollars;\* spends over 439 million in the Middle South for leases, rentals, salaries, equipment and exploration.

Fifty years of oil and gas operations in the Middle South are an outstanding example of business enterprise and initiative at work. The industry's sound development and conservation practices create a great future and help build the stable economy of this three-state region.

Continuing investments prove the oil and gas industry's *confidence in the future of the Middle South*. Many others who recognize the area's combination of economic advantages share this confidence.

So start your company's plans to share in the world of opportunity offered by the Middle South.

\*Manufacturing and mining only

For further information write

### THE MIDDLE SOUTH

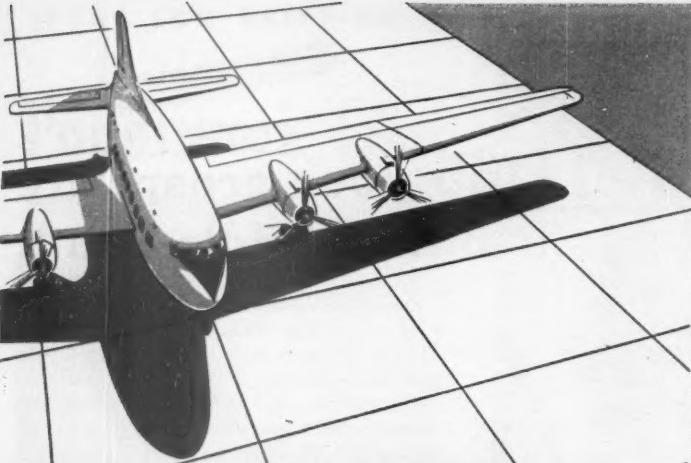
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# FLINTKOTE

"...present trails wander 100 miles from the nearest phone, doctor, or railroad center..."

REGIONS starts on p. 78

miner—but it has proved a boon to the state's economy. To get the ore out, the companies and the government are building roads. Utah's Gov. J. Bracken Lee thinks the road-building program will open up an entire new area that is now uninhabited—an area of more than 15,000 sq. mi., or three times the size of Connecticut.

• More Tourists — The same roads that bring the ore out will bring tourists in. The U. S. Public Roads Administration and the state of Utah have approved a \$1-million, 233-mile road-building program that will open up scenic areas like Monument Valley. It will pave the way to Utah's national monuments, like Hovenweep, Natural Bridges, and Capitol Reef.

These new roads should lure 10,000 additional tourists to the state this year. That is the estimate of John C. Campbell, one of the operators of Wonderland Stages, the only franchised bus line into much of southeastern Utah. The Wonderland buses may run into competition from the stage coaches of Western movie sets: The roads, though not superhighways, will be a vast improvement over present trails that wander 100 miles from the nearest phone, doctor, or railroad center. And they may very well open up new areas for movie-making in Utah.

Every time a motion picture company goes on location, as it often does in Utah, the results are like showers of pennies on a school ground. The new roads in Utah will open up new and spectacular film locations. Several motion picture companies have queried the state about the road program. Already, the movie studios have made such box-office hits as "Stagecoach," "Fort Apache," and "She Wore a Yellow Ribbon" in Monument Valley.

• The Future Looks Up—But this is not all that uranium has done for Utah. In one year it has poured \$5-million into the pockets of miners and mining firms. It has stimulated organization of more than 15 new firms and given a needed boost to a dozen mining companies listed on the Salt Lake Stock Exchange—plus a \$600,000-a-year shot in the arm to the trucking industry. It has provided an annual \$2-million market for such supplies as sulfuric acid, salt, machinery, and sodium carbonate. And it has brought into the state diamond-drilling activity that will amount to \$550,000 a year.

# Covering The Waterfront...



## An Easy Job For Atlas Insecticide Emulsifiers!

WATER—billions of gallons of it—could be a Niagara-sized headache for insecticide and weed-killer manufacturers. Water from creeks, ponds, ocean or spigot—hard water, soft water, salt water—any of these might be added to their concentrated bug and weed-killers in preparing them for spraying. And some types of water might easily ruin the killing power of their products.

To prevent such troubles, this industry annually uses millions of pounds of Atlas chemicals called *emulsifiers*—just a little in each gallon of their concentrated product. These emulsifiers do the trick of making ANY water suitable for mixing. Farmers, fruit growers and health authorities the world over can use these insecticide and herbicide products without worrying about what water is available for spraying.

Atlas service to this industry is typical of our approach to customer problems. Here, Atlas research and technical staffs have worked hand-in-glove with customers to develop special products for a special need, guidebooks to assist customers in making best use of these products, a production schedule geared to meet the peaks and valleys of their seasonal demands.

If your production efforts fall in the range of Atlas products, we'll do our best to give you this same good service.



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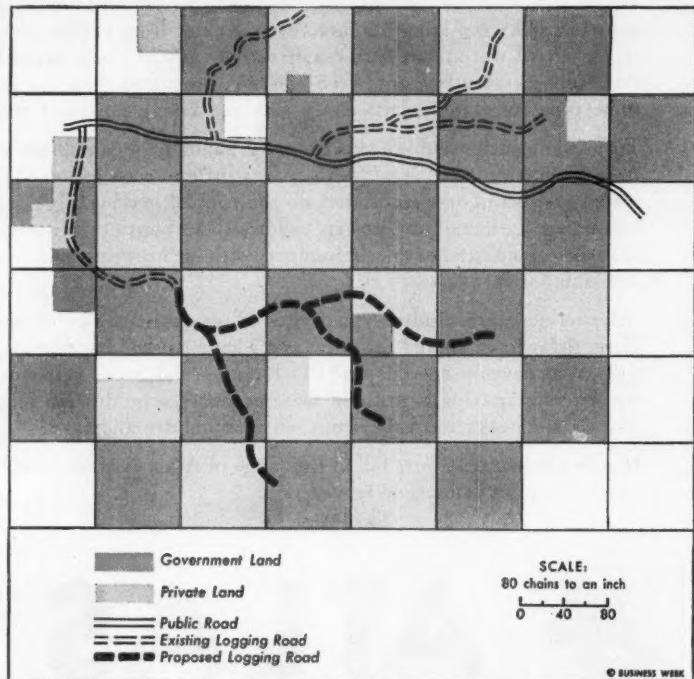
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in the U. S. government's valuable timber lands.

## Timber Ruckus

Enforcement of competitive bidding for government timber helps small operators. But does it conserve timber?

A fundamental question of how the government should handle its timber lands has come to a head in Oregon. The cause of the fight is the 2.5-million acres the government granted in 1870 to the old Oregon & California R.R.—granted and later repossessed.

Because it was once a land grant, the 4,000 sq. mi. of O&C lands on the western slope of the Cascades are a Bunyan-esque checkerboard of land sections bearded with a lush growth of virgin timber worth around \$1-billion.

How the U. S. will dispose of that timber is back of the present ruction. For years the Dept. of Interior has operated on a "dominant operator" policy. Big lumber companies—owners of adjoining squares in the checkerboard—bid for the stuff nearest their mills, got it without much competition.

• Competitive Bidding Plan—Then, in 1948, Interior began to worry about dwindling timber resources and heaved out that policy. Daniel L. Goldy, Port-

## Plastics

# Check list

A useful summary of the current situation . . .  
for manufacturers who are planning  
to "do it with plastics"

As the pressures for more production increase . . . as the shortages of materials, labor, and power grow more critical . . . someone in your organization is almost sure to ask, "Why not use plastics?"

It's a good suggestion. In many instances plastics have replaced other materials because of their superior advantages for certain applications. But whatever you manufacture, whatever the specific materials problems you hope to solve with plastics, the following facts should be kept in mind:

- ✓ 1. Today plastics are essential materials.—Because of their versatility, their adaptability to volume production, their economy of time, labor, and power—plastics are basic raw materials in their own right—of vital importance to defense industry.
- ✓ 2. Many plastics are already in short supply. Monsanto and other materials producers are expanding output as rapidly as the basic chemicals become available, but essential applications will probably continue to take most of the plastics supply.
- ✓ 3. Plastics must be used correctly. Like any other material, they have their limitations. And what is a sound application for one plastic may be entirely impractical for another.

We suggest that you send your questions about plastics to the Monsanto Plastics Technical Council. This Council, composed of technical experts on every material in the industry's biggest family of plastics, will study your problems and make recommendations. Or, if you prefer, get in touch with the nearest Monsanto sales office.

MONSANTO CHEMICAL COMPANY, Plastics Division, Springfield 2, Mass.

Planes fly . . .



Ships sail . . .



Motors run . . .



. . . with plastics serving in vital spots. Plastics serve the nation's defense  
in countless, all-important ways. USE THEM WISELY!

The big



MONSANTO

family of plastics

SERVING INDUSTRY . . . WHICH SERVES MAN



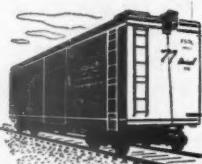
## Light-Weight —But Tough!

DOUGLAS fir plywood "weighs in" as a bantam. Don't let that fool you! It's tough—pound for pound stronger than steel. A single panel can do a heavy-weight's work, yet it always handles with ease. Takes punishment without puncture. Won't split, crack, break or shatter. A champion for building and maintenance work . . . for product design and manufacture . . . in the transportation, packaging and the container fields. Put your money on it!

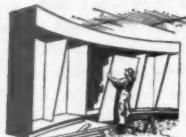
### Put These Advantages To Work For You! □

Douglas fir plywood is real wood, cross-bonded into panels that are:

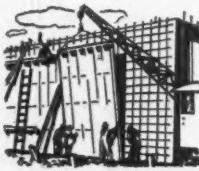
- Large, Light, Rigid
- Stronger than Steel (pound for pound)
- Rugged, Durable
- Split-Proof
- Puncture-Proof
- Crack-Proof
- Shatter-Proof
- Dimensionally Stable
- Versatile\*
- Easy to Handle
- Easy to Saw
- Easy to "Jig"
- Easy to Nail
- Easy to Fasten
- Easy to Glue
- Easy to Bond
- Easy to Finish



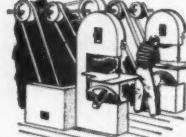
Over 100,000 Railroad Cars  
Have Plywood Siding and Lining



Easy-to-Build Plywood Fixtures  
are Strong, Durable, Good Looking



Plywood Concrete Forms Assure  
Smooth Concrete, Many Re-Uses



Plywood Builds Strong, Rugged,  
Long-Lasting Machinery Guards

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Please send me the following:

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"... both sides agree that cutting has got to be balanced with replanting . . ."

TIMBER starts on p. 80

land regional director of the Bureau of Land Management, was appointed to enforce a competitive bidding system that gave the little fellow a break.

There was only one rub, evident in a glance at any checkerboard: If you cut logs in one of the dark squares and your competitor owns all the adjoining light squares, how do you get your logs out? • Opposition—Goldy's solution was to negotiate with private owners of adjoining lands for the use of their access roads. He did this by granting them, in turn, use of access roads across federal holdings.

In his three years as regional director, Goldy stepped up sales—and selling price—of government timber stands. By public auction of selected stands, he hiked the cash return by at least 50% over the bureau's own appraisals. Last August, at a sale of Douglas fir in Benton County, bids moved from \$19.40 per thousand board feet (the appraisal value) to \$48.50. In the past year or so, prices have averaged \$20 as compared with less than \$12 the year before.

But the big operators didn't like Goldy's tightfisted way of parceling out the timber. To them, it tasted like nationalization of the forests. Their Joint Committee on Forest Conservation hot-footed it to Washington to protest.

Now Interior has just announced that Goldy is resigning to take a job with ECA. Both sides in the Oregon battle are waiting to see whether this means a change in policy.

• Crux of Problem—Paradox of the present row is that both sides agree on a major point: Cutting has got to be balanced with replanting. How to achieve a sustained yield is where they differ.

Big lumber companies have already planted 3,670,000 acres of tree farms in Oregon and Washington. In their view, it's wasteful to dole out small pieces of timberland for cutting. Besides, they don't want any bureaucrat telling them how to run their business.

The smaller operators, backed by Goldy, believe that smaller-scale choice of cutting areas serves the purposes of conservation better.

Conservationists in the Forest Service of the Dept. of Agriculture are inclined to throw their weight on the side of big-scale operation. Forest Service has a long-term agreement with Simpson Logging Co. at Shelton, Wash., under which Simpson's holdings are merged



**INDUSTRY THRIVES IN  
Outstate Michigan**

## **THE AUTOMOBILE INDUSTRY PROVES IT!**

It is only natural that much of America's automobile production centers in Outstate Michigan.

In the heart of the industrial Mid-West, rich in skilled manpower and production know-how, Outstate Michigan is an ideal location for the automobile industry, just as it was for the carriage and wagon makers of an earlier day.

Flint is the home of Buick and Chevrolet and chief manufacturing center for General Motors.

Pontiac is the home of the Pontiac automobile and of the GMC Truck and Coach Division.

Lansing is the home of Oldsmobile, Reo, Duplex Truck.

These facts tell only part of Outstate Michigan's role in the automobile industry.

In metropolitan Detroit are the home plants of Cadillac, Chrysler, DeSoto, Dodge, Federal Truck, Ford, Frazer, Hud-

son, Kaiser, Lincoln, Mercury, Packard, Plymouth. Outstate Michigan has scores of industries, large and small, that make parts and accessories for the automobile plants of the Outstate and Detroit areas.

From these plants in many cities and villages come practically all the thousands of items that go to make an automobile, including spark plugs, tires, forgings, motor blocks, springs, horns, pistons, radios, axles, wheels, and the famous Bodies by Fisher.

If your business is related to automobiles, the advantages offered by Outstate Michigan are obvious. If you are in some other line, you still can benefit from the skilled manpower, production know-how and other Outstate Michigan advantages that help the automobile industry prosper. See the check list below then write us for further information.

### **Check These Advantages of Outstate Michigan**

- ★ Exceptionally High Percentage of Skilled Workers      ★ In the Great Market Center of America
- ★ Wide Range of Materials, Parts and Supplies
- ★ No State Income Tax      ★ Desirable Plant Sites      ★ Dependable Electric and Gas Service at Fair Rates
- ★ Excellent Living Conditions and Cultural Opportunities
- ★ Woods, Lakes and Streams that Make This a Foremost Vacation Area

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FOR FURTHER INFORMATION WRITE **Industrial Development Department**  
**CONSUMERS POWER COMPANY** JACKSON, MICHIGAN



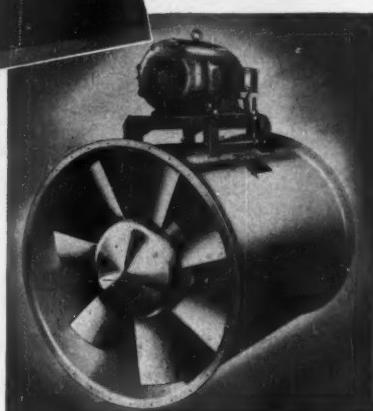
Black area on map shows  
territory served by  
Consumers Power Company

# Efficient Exhaust and No Space Wasted



ROOF INSTALLATION  
OF PAPER COMPANY  
POINTS WAY TO SAVINGS  
IN MANY INDUSTRIES

ABOVE are part of the ten 36" "Buffalo" Type "B" Vaneaxial Fans mounted in roof exhausts of West Virginia Pulp and Paper Co., Mechanicville, N. Y. Note how the fans fit in like a section of pipe. Their light weight obviates heavy, expensive mountings, and the fans waste no space. The steam comes from hoods from Nos. 5 and 6 paper machines—and passes straight through the pipes and fans with absolute minimum resistance. (At right, note how motor is entirely removed from air stream). Whenever YOU need fans for mounting in straight duct runs, you'll save money with "Buffalo" Vaneaxials!



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This Helpful Bulletin No. 3533-C  
Describes "Buffalo" Axial  
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Write for your copy!

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VENTILATING AIR WASHING AIR TEMPERING INDUCED DRAFT EXHAUSTING  
FORCED DRAFT COOLING HEATING PRESSURE BLOWING

operationally with adjoining federal lands. In exchange for exclusive cutting privileges, Simpson lets Forest Service decide cutting policy in the whole merged area. Some Oregon lumbermen would welcome a deal of that kind in the O&C lands. But most small operators say that they'll fight any such an arrangement.

- **State Demands**—A few weeks ago the Oregon legislature got into the scrap. It wanted Congress to give the O&C lands to Oregon. This turned out to be a futile gesture, but it showed pretty clearly where the lawmakers' sympathies lie. Counties get half the money from federal timber sales—\$2,210,000 in 1948 before Goldy pushed prices up. Under Goldy's competitive-bidding policy, their 50% is a much bigger whack. If Goldy's policy follows him out the door, it'll be a financial blow to the counties.

## State Cleans Up

Michigan streamlines use  
and storage of government  
papers, saves \$149,000 in two  
pilot operations alone.

Business has an interest in how efficiently state governments are run. Most companies know from their own experience the value of sound records management, for instance. This knowledge, applied to state government papers, can bring the same tremendous savings in time and money that it has for private business.

- **Little Hoover Commission**—The experience of the Michigan state government proves this. Last September Michigan set up a kind of little Hoover Commission to study state government operation and streamline it. The Kellogg Foundation supplied the funds.

Now the commission's report on government record handling, one of 33 reports scheduled, is out. It shows that in just pilot operations in only half-a-dozen state agencies the commission was able to save the government \$149,000 in costs. Processing time and many administrative problems were also reduced considerably.

- **Pilot Projects**—The Michigan commission credits this "pilot project" setup with getting results where the Hoover Commission failed. By trying out their recommended changes in procedure on a small scale, commission members were able to prove their worth before they presented them for legislative approval.

The commission set up two pilot projects—one on paper-work control, the other on record-keeping control.

The study found the scope of state

# "STOP and FLOW" control of recalcitrant chemicals



## Grinnell-Saunders Valves with CHEMICALLY INERT **KEL-F\*** DIAPHRAGMS

KEL-F's resistance to chemical action, low cold flow, wide range of temperature application and exceptional flex life combine to make it the most important diaphragm development in years. KEL-F is chemically inert to all organic acids and alkalies in all concentrations. It withstands chlorinated aliphatic and aromatic compounds, concentrated nitric, chromic, hydrofluoric and sulphuric acids and most solvents which readily attack rubber and previous synthetic diaphragm materials.

In accelerated tests, a 2-inch valve with a KEL-F diaphragm withstood over 80,000 closures, drop tight, against 80 pounds of air under water with no leakage and no visible signs of wear.

Grinnell-Saunders Diaphragm Valves with KEL-F diaphragms are typical of the advanced developments in piping equipment which, combined with Grinnell's nation-wide facilities and one hundred years' experience, make it sound practice to call in Grinnell "whenever piping is involved".

### Typical performance reports . . .

1. Chlorine and HCl gas with small amounts of acetic acid and acetyl chloride at 302° F. for 900 hours. Very much superior to material it replaced.
2. Mixed aromatic and ketone solvents at 230° F. and 10 psi for three months. No sign of deterioration.
3. Chlorinated organic chemical at 158° F. and 30 to 40 psi for nine months. No failure, no shutdown, no replacement.
4. Chromyl chloride at ambient temperature and 15 psi. Diaphragm condition good at end of thirty days' test.
5. Liquid chloral saturated with HCl at 158° F. for 408 hours. Well satisfied — have placed orders for additional diaphragms.

\*"KEL-F" is the registered trade name for polytrifluorochloroethylene, an exceptionally stable thermoplastic. It is produced by the M. W. Kellogg Co.

# GRINNELL

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Grinnell Company Inc., Providence, Rhode Island

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pipe and tube fittings • welding fittings • engineered pipe hangers and supports • Thermolier unit heaters • valves  
Grinnell-Saunders diaphragm valves • pipe • prefabricated piping • plumbing and heating specialties • water works supplies  
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GIVE A THOUGHT TO

# the Smooth, Clean Label on a Cold, Wet Bottle



- Sparkling water, soft drink, beer or wine—when the label sticks and makes the right impression . . . it isn't an accident.

It is not the moisture that holds the label in place. It is a carefully selected adhesive — scientifically formulated — applied by an equally scientific, modern, labeling machine.

Now give a thought to a paper sugar bag. The adhesives problem is obviously miles away from that of a cold, wet bottle. Here the adhesive must hold up under the *driest* of all possible conditions.



At one extreme or the other, or somewhere in between, are the adhesives requirements of your product, in its making, labeling, packaging and/or shipping case.

Out of 65 years of pioneering, Arabol now serves the leaders in a hundred different industries—in many different adhesives requirements. In the course of these 65 years, some 10,000 adhesives formulas have been developed in our five laboratories. Arabol operates on the belief that—for each particular adhesives application—*there is only one adhesives formula that can serve you best*.

We invite the opportunity to submit samples for you to test in your own plant—under your particular working conditions—for your specific requirements. That is the one kind of testing that assures you of satisfactory results.

Your inquiry to Dept. 41 will bring a prompt response.

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65 YEARS OF PIONEERING



paper work little less than appalling. Costwise, the state spends over \$25-million to buy, print, handle, and file some 121-million copies of various forms. Five state departments were using 1,759 different forms or records, which involved about 14-million copies each year. Filing of 90% of the copies used up 3,200 file drawers each year—all this in addition to voluminous correspondence.

• **Improvements**—Pilot project No. 1 set out to streamline this paper work. It showed the Dept. of Conservation that 26 forms were unnecessary; they were dropped. Some 35 others were consolidated into 16. Other forms were standardized to conform with those of other state agencies. In one case, four separate cards in four different files were being used to record geographic names; all four cards were replaced by one Master Control Card. Action on 75 form records in just the Dept. of Conservation resulted in a saving of approximately \$30,000.

Moreover, each agency formerly prepared a departmental purchase order. The vendor then transcribed the information on an invoice when shipping the items; the department did the same upon a delivery report upon receipt. Under the new method devised by the commission, a central department will prepare a combined purchase order-invoice-delivery report. Along each step, only new information need be filled in on the report.

• **Carbon Paper Helps**—Michigan's Health Dept. got a long-needed renovation in its method of issuing birth certificates. Formerly, the hospital prepared a birth certificate, sent it to the local registrar who prepared two copies (one for himself, one for the county clerk). The original went on to the Health Dept., which then sent a birth registration notice to the parents. Besides abundant copying errors, this procedure required the work of five typists. From now on, hospitals will make up one certificate with three carbon copies to do the entire job.

• **More Space for Work**—Pilot project No. 2 set out to investigate state methods of record keeping. Here again, the commission discovered gross inefficiencies.

Michigan has an estimated 250,000 cu. ft. of records—with 60% kept in expensive office space. Of 100,000 cu. ft. in storage, about 40% was found to be utterly worthless.

About 25% of records scattered all over Michigan in offices could go to low-cost storage in a record-keeping center. The commission is urging this centering of records, estimating a saving of \$40,000 in this step alone. Having things in their proper places and being able to locate them is perhaps an even more important result.

# Thanks to EDISON ...happier vacation travel!

## with comfort

On trains today you enjoy better lighting, modern air conditioning and other conveniences of electricity. Extra comforts require storage batteries with larger capacities than ever. Light-weight EDISON nickel-iron-alkaline batteries provide this extra capacity while saving as much as a ton per car—give you more comfort at less cost.



## with safety

Air lines equip their passenger planes with highly sensitive and completely dependable EDISON instruments—controls, gages and fire detector systems. Much of this equipment is unknown to the traveling public, but is essential in assuring extra safety in commercial air transportation.

## with peace of mind

Traveling on road or seaway is more carefree fun when your automobile or motor boat is powered by an EDISON lead-acid automotive battery. EDISON "Quality Line" batteries, like all products of THOMAS A. EDISON, INCORPORATED, are built with special quality features that assure dependable service in long, hard usage.



IT'S AMAZING in how many ways EDISON products affect our daily lives, both directly and indirectly. Very likely EDISON dictating equipment expedites correspondence with your insurance company, your travel agency, or in any business transactions in which you may engage. Electric industrial trucks, trains, mine locomotives, trucks and boats operated with the aid of EDISON batteries speed the handling

or transportation of virtually every article you buy, during the course of its manufacture or marketing. Even the services you depend on—the telephone, lights, telegraph, laundry, dry-cleaning, medical-use equipment, or materials that EDISON helps make available at less expense and in more abundance. Yes... EDISON is everywhere—helping to improve and to protect our way of life.

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West Orange, New Jersey

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**When you write**—EDISON VOICEWITER and the sensational new EDISON TELE-VOICEWITER dictating equipment speed work—make letter writing easy and low in cost—help you get an accurate answer quickly.



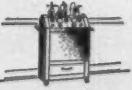
**When you drive**—The EDISON "Quality Line" lead-acid automotive batteries are used in starting, lighting and ignition service for a wide variety of automobile, bus, truck, tractor, diesel and marine applications.



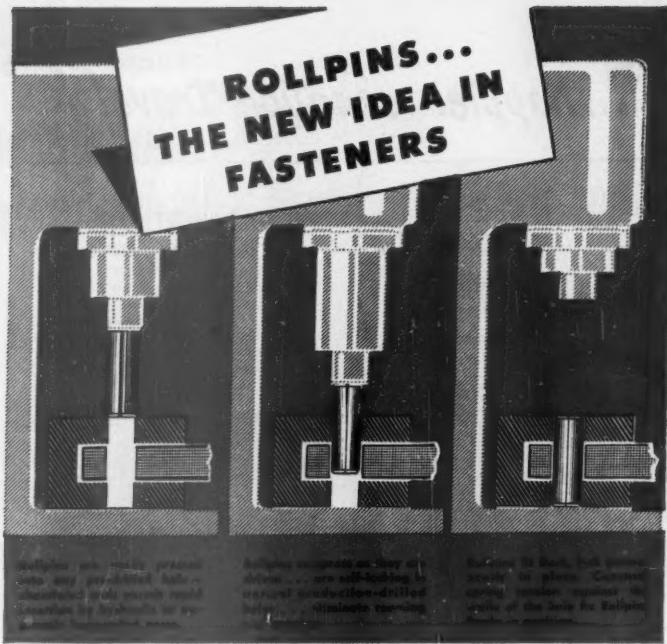
**Or on the train**—EDISON primary batteries energize signal devices on railroad rights of way and at grade crossings, to expedite rail traffic and promote travelers' safety with great dependability and at low cost.



**Even at home**—EDISON nursery and juvenile furniture adds comfort and beauty to your children's rooms. Attractive EDISON wood furniture is nationally known for craftsmanship, quality and durability.



**Or when you are ill**—The EDISON ETHERIZER, compressed gases, EDISON TELEVOICE Clinical Recording System, and other equipment for hospital use aid patient welfare and promote medical efficiency.



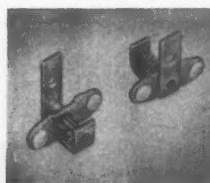
## How to eliminate set screws and rivets with Rollpin self-locking fasteners

Now put real fastener economy into your assembly procedure. With Rollpin metal fasteners as replacements you can eliminate many rivet and set screw applications and avoid the peening or threading operations which they require. One stroke of a press sets a Rollpin firmly in place, flush with the face of your assembly. This means real savings to you in costs and time.

It will pay you to investigate Rollpins for your product as a cost saving replacement for steel fastening pins, pivot or hinge pins, clevis pins, cotter keys, locating dowels, or shafts.



**ELASTIC STOP NUT CORPORATION  
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Rollpin acts as guide shaft for spring-loaded relay contacts. Simply inserted . . . riveting operation eliminated . . . it outwears previous brass rivet by ten times.



Rollpins replace set screws for pinning pulleys to shafts. Hole tapping operation is avoided and Rollpin holds tight against vibration until deliberately removed.



Rollpins are supplied to specified lengths with chamfered ends. Available from stock in diameters from  $5/64''$  to  $1\frac{1}{2}''$  in Carbon and Stainless Steels.

## TAXES

### Greener Pastures

Americans who are working abroad need pay no U. S. income tax—if they can prove bona fide residence.

Are you finding it hard to get new personnel? If so, try offering jobs that don't have to pay U. S. income tax. For Doremus & Co., New York advertising and publicity agency, it worked fine.

Doremus recently ran an ad for a client who wanted a plantation manager in Central America; the salary offered was \$25,000. More than 2,000 applicants wrote in; over 100 phoned long distance; one flew from the midwest to New York; several were executives in the \$50,000 bracket.

- **Savings**—For all the applicants, income tax exemption was the bait. If an American working abroad meets the requirements of the tax law, he can keep his citizenship and also keep his savings happily immune to Customs and Bureau of Internal Revenue when he returns.

The prospect sounds delightful, but it's hedged about with legal thorns. For one thing, the exemption doesn't extend to employees of the U. S. government or any of its agencies. For another, the stay abroad has to be for a full tax year. If you went abroad on Jan. 2, 1950, and returned on Dec. 31, 1951, it's no dice—not even for one year, much less two. Most people use the calendar year for tax purposes. Attempts to juggle the tax year to coincide with a stay abroad get a stern reception, though some changes are allowed.

- **Residence**—The biggest thorn of all is establishing that you are really a bona fide resident of a foreign country. Mere physical presence abroad isn't enough; BIR wants to separate the temporarily resident sheep from the merely transient goats. The transients get no exemption.

Mostly, would-be exemptees fall into three classes, which provide BIR with a rough yardstick.

- Career men in overseas work are almost always given tax immunity. Such a case would be a man who had served in the diplomatic service overseas before getting a private job. A long record of private employment abroad would serve this same purpose.

- Exemption is very rarely given to workers who go abroad to do one specific job, such as a war construction project.

- The doubtful cases are generally a combination of the first two. For ex-

*This Trailmobile tank built lighter  
with U-S-S COR-TEN*

*(at no extra cost)*

*saves half a ton of steel*

*—carries 180 extra gallons*

If this 5600-gallon tank were built of plain carbon steel it would weigh 12,900 pounds. Built of U-S-S COR-TEN, it weighs only 11,800 pounds—more than half a ton less.

The 180 gallons of payload that ride cost-free in place of the 1100 pounds of deadweight trimmed off by COR-TEN construction mean a clear saving in gasoline delivery cost of \$1.44 on every 200-mile round trip this unit makes. These savings amount to a pretty penny through the years—and they're all pure gravy.

That's because, by using COR-TEN to reduce weight, Trailmobile has engineered the extra payload into the

unit without a cent of extra cost. This Trailmobile tank is typical of the many applications where weight-saving, steel-saving construction with U-S-S COR-TEN costs no more—or only little more—than heavy construction with ordinary steel.

**When you save weight with  
COR-TEN you save steel too**

We emphasize the saving of steel that you obtain by building lighter with COR-TEN because it is very important; steel is hard to get. So, to beat the steel shortage, you have to make your steel go further—by using less of it per unit manufactured. That

means using steel that does more—tougher, stronger U-S-S COR-TEN—steel that you can safely use in thinner sections to replace carbon steel in your equipment.

In this way you can get up to one-third more parts from every ton. In other words, from the same tonnage of steel you can get four stronger and more durable COR-TEN units instead of only three heavier, less efficient units of carbon steel. That's what we mean by making your steel go further. Would you like to talk about its possibilities? Just write or telephone our nearest district office and we'll be glad to give you the facts.

AMERICAN STEEL & WIRE COMPANY, CLEVELAND • COLUMBIA STEEL COMPANY, SAN FRANCISCO

NATIONAL TUBE COMPANY, PITTSBURGH • TENNESSEE COAL, IRON & RAILROAD COMPANY, BIRMINGHAM • UNITED STATES STEEL COMPANY, PITTSBURGH  
UNITED STATES STEEL SUPPLY COMPANY, WAREHOUSE DISTRIBUTORS, COAST-TO-COAST • UNITED STATES STEEL EXPORT COMPANY, NEW YORK



**U-S-S HIGH STRENGTH STEELS**

U-S-S COR-TEN • U-S-S MAN-TEN • U-S-S TRI-TEN

UNITED STATES STEEL

## "Sitting Pretty"

Every day's a holiday from grinding problems since he put Simonds Abrasive Company wheels to work. More production . . . fewer rejects . . . and DO's out ahead of schedule. Is there an operation in your plant that can be more efficiently done by using a Simonds wheel accurately specified for the job? Let a Simonds engineer help you find out. No obligation. Write.



**SIMONDS**  
ABRASIVE CO.

### Grinding Wheels

SIMONDS ABRASIVE CO., PHILADELPHIA 37, PA. BRANCH WAREHOUSES: CHICAGO, DETROIT, BOSTON  
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Division of Simonds Saw and Steel Co., Fitchburg, Mass. Other Simonds Companies: Simonds Steel Mills, Lockport, N. Y.; Simonds Canada Saw Co., Ltd., Montreal, Que., and Simonds Canadian Abrasive Co., Ltd., Arvida, Que.

**EXECUTIVES** — Simonds Abrasive Company's complete line has everything you need . . . grinding wheels, mounted wheels and points, segments and abrasive grain.

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**TWA**  
**COAST-to-COAST**  
4-engine all-cargo  
"Sky Merchant" service every night!\*

Ship almost anything almost anywhere. Your best markets are only hours away. Call TWA today for rates, schedules, quick pick-up.

All TWA flights carry  
Air Mail and Air Cargo

\*Except Saturday & Sunday

**TWA**  
TRANS WORLD AIRLINES  
U.S.A. - EUROPE - AFRICA - ASIA

"... they went for a single job, left their families behind, lived in barracks . . ."

TAX EXEMPTION starts on p. 94

ample, a person who went abroad to do a specific job, but then remained for other work. In this category, the big problem is to convince the courts that the foreign residence was bona fide.

Factors that would tend to establish your right to exemption include: taking your family abroad with you; buying or renting a home; paying income tax in the foreign country; participating in community activities; speaking the language; using your foreign address on legal papers, such as insurance policies, deeds, divorce papers, and draft registration.

• **Ex-Diplomat**—Typical of the careerman category is Francis White, who joined International Telephone & Telegraph Co. after serving abroad in the U. S. diplomatic service. White worked for IT&T in Sweden and Spain; his wife and daughter joined him as soon as wartime restrictions were relaxed. The court ruled that there was no indication of attempt to evade income tax and that White need pay nothing on his \$15,000 to \$18,000 salary.

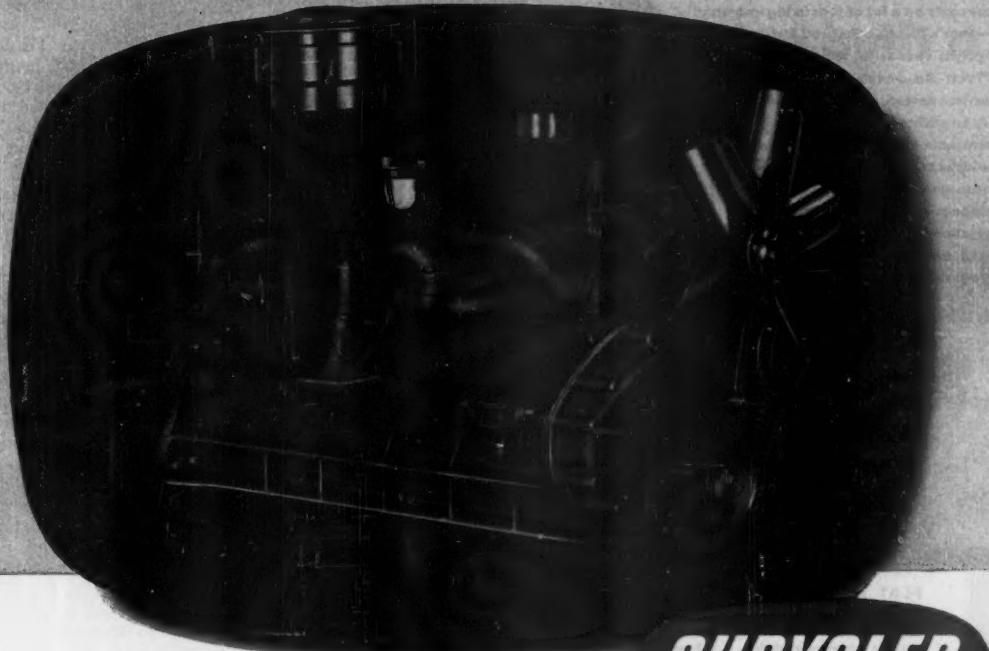
• **One-Shotters**—In the second, have-to-pay class fell most of the hundreds of engineers, construction workers, and managers who went abroad on war jobs. Generally, they went for a single job, left their families behind, lived in barracks, and had their transportation and maintenance supplied by the employer.

Take the case of Ray E. McCurdy, who worked in Russia from September, 1943, to May, 1946, as supervisor of emergency building of oil refineries. When the job was done McCurdy returned to his family in Michigan. He claimed exemption for his full tax years. The U. S. Tax Court turned him down. Ruling against exemption on his 1944 salary of \$19,750, the court found that he had never intended to become a resident of Russia, staying just long enough to do his job and living in a tourist hotel.

Other cases of war-job workers who were turned down included: a Lockheed Overseas Corp. worker in Britain; a civilian worker at a U. S. military base in Greenland; a Douglas Aircraft employee in East Africa and U. S. workers on the Canol pipeline and the Alcan highway in Canada.

Ramifications abroad of U. S. oil producers bring other cases of this type. C. Francis Weeks served for three years in Iran as an engineer constructing oil

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- **MEASURES** . . . electrical cable, cordage, etc., with running footage indication printed right on tape. Thus, Print-Ad-String becomes part of the product.
- **HOLDS** . . . many products for fabrication, for multiple cuts, multiple solderings, etc. Holds materials in jigs, doesn't stretch, can't scar or mar finishes.

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- **SECURES** . . . thousands of products for shipment—insulation barriers in transformers—anything that requires non-stretch strength with flat form.
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" . . . he did not live in Colombia to evade taxes . . . "

TAX EXEMPTION starts on p. 94

refineries; he had an indefinite contract that the employer could terminate at any time. The Tax Court held that for tax purposes he had not been a resident of Iran. It cited these facts: His family had remained in their U. S. home; his checks were mailed to his wife; his room and board in Iran were supplied by the employer; his foreign possessions consisted only of clothes, books, and some personal items.

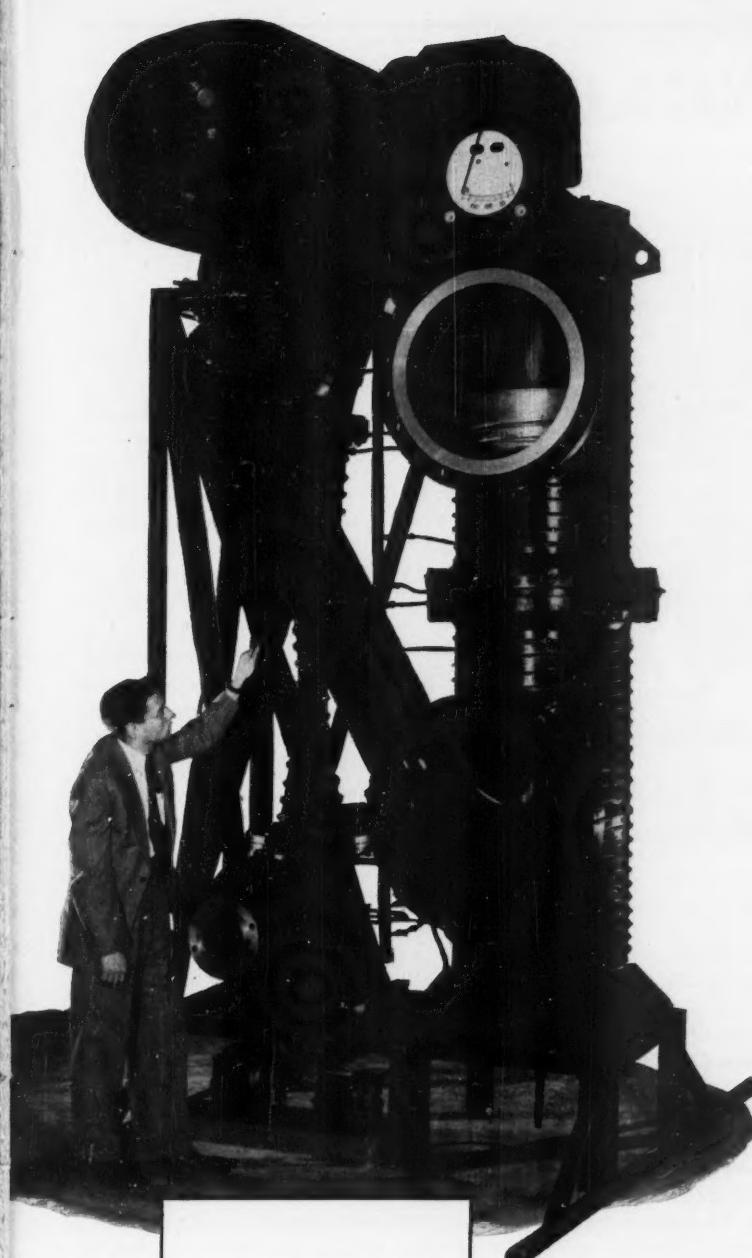
• **Borderline** — The third category of workers abroad finds itself in uncertain legal waters. On a given set of facts, the court might rule either way.

In fact, in the case of Paul E. Swenson, different courts ruled differently. Swenson signed up for a three-year contract prospecting for oil in Colombia for Geophysical Service, Inc. At the end of the term, he signed on for a fourth year. He remained in Colombia for the entire time, but had no fixed residence because of the roving nature of his job. His pay checks were deposited in his Texas bank, but he paid income taxes in Colombia. A lower court ruled that Swenson would have to pay U. S. taxes as well. But an appeals court upheld Swenson, saying that he did not live in Colombia to evade taxes.

• **Auditor** — One worker who won tax exemption though he was on a war job was Herman Baehre, an auditor who went to Edmonton. After 10 days in Canada, Baehre found his job would last two years; he immediately arranged to establish his wife, two children, and all their belongings in Edmonton. He joined a church and a Masonic lodge, talked frequently of staying permanently in Canada. He paid no income tax in Canada. When he returned to the U. S. at the end of two years, he claimed exemption on his Canadian earnings of \$5,355.23 and \$5,434.31. The U. S. Tax Court agreed with him.

The U. S. District Court in Oklahoma came up with one ruling that seems to run entirely counter to the rest of the decisions. O. A. Kyle, 56 years old and with adult children, wanted to accumulate enough money to buy a farm and retire. To get the money, he took a job in Saudi Arabia, leaving his wife in the U. S. and arranging to have his pay deposited in a U. S. bank. In less than a year and a half, he earned \$12,000 and saved \$10,000 of it. He paid \$923.22 of income tax, then sued to recover it.

• **Matter of Intent** — In accepting his plea, the judge settled the question of



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## BUSINESS IN MOTION

### To our Colleagues in American Business ...

There is a well-known maker of thermometers, barometers, hygrometers and clocks which has been a Revere customer since 1885. You might suppose that when two companies have been doing business that long, some 66 years, they would be so close that there would be little that either could contribute to the other. Yet both of us recently learned something, which shows how wise it is to avoid taking things for granted.

During the course of a call on the customer, a Revere salesman was told that some difficulties were being experienced with the stamping and drawing of brass into cases and bezels.

The Revere Technical Advisory Service was requested to investigate, and made a thorough study of the metal being used, and of factory methods and tools. The inquiry was, of course, conducted with the full consent and cooperation of the customer, who was just as eager as we were to know why, after so many years, the metal he was buying did not seem to give the usual results.

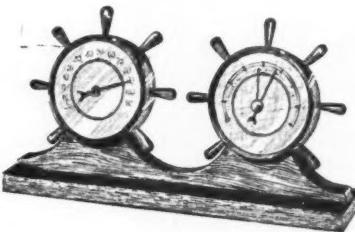
The Technical Advisory Report went into considerable detail. In broad terms, it found that such troubles as puckers, orange peel, and flare were due to a combination of factors, including composition of the brass, its temper, the design of the dies, and the lubricant used on them. New standards were set up for metal specification, covering alloy, temper, gauge. Although Revere does not design dies for fabricators, we made some suggestions for the consideration of the customer's designers.

After studying the report, the company decided to put these Revere recommendations to the proof

of actual trial. It was after the correctness of our suggestions had been demonstrated that Revere received a letter of thanks, ending with these sentences: "We are extremely grateful for this information, and it represents a splendid job and one of great value to us. If all our suppliers of other materials had extended to us the type of service we have had from Revere through the years, we would have had far fewer manufacturing problems."

For several years Revere has been saying in this space that suppliers generally are glad to collaborate with their customers as does Revere. Revere considers trouble is a fine introduction, and its solution the beginning of an enduring business relationship. So do other companies in other industries, though some may take a little prodding. After all, it is a supplier's business to know his materials, as well as to make and ship them. Any company worth doing business

with spends a lot of time and money learning as much as possible about its goods. When you buy, you pay for not merely so many pounds or feet or gallons or pieces or parts, but also for know-how, intelligence, information. You might as well obtain all you pay for, even if you have to dig a bit to get it. Indeed, it has been our observation that sometimes the information and collaboration that are not itemized on the bill are worth as much, if not more, than the materials themselves. So we again recommend that you take your suppliers into your full confidence, and let them work with you on problems concerning your use of their goods.



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residence very simply. He said Kyle had intended to become a resident in Arabia for the entire year—it was immaterial whether he lived in his own home, a boarding house, or a barracks. But tax experts doubt that other courts will accept this reasoning.

Here are two other points in connection with overseas exemption:

- Tax freedom carries over to the year following a two-year stay abroad, when it covers wages paid for the foreign service.

Example: A U. S. citizen worked for a New York corporation in a foreign country all during 1949 and 1950. His salary of \$50,000 was not paid to him until his return to the U. S. He can exclude the \$50,000 in reporting his 1951 income.

- Overseas exemption is applicable only to compensation for personal services and professional fees. When the income derives from a business in which capital is important, 20% of the net profits is earned income.

## "Public Policy Axe Often Hits Deductions

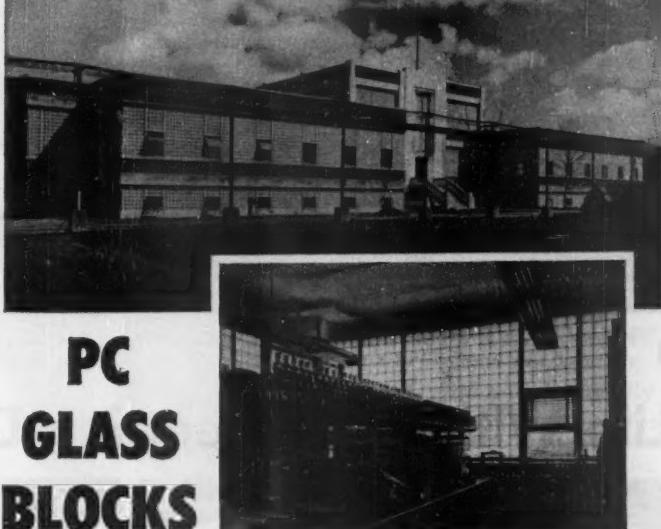
The Bureau of Internal Revenue often knocks out tax deductions with a heavy hand when it considers them against public policy. The courts frequently uphold the denials. BIR's argument is that tax deductions are a matter of legislative grace, not an inalienable right of the taxpayer.

Take the case of Thomas B. Lilly, operating an optical company in five North Carolina cities. Lilly returned a third of his charges to doctors who directed their patients to him. For 1942-1944 he tried to deduct these payments—\$17,868.05—from his taxable income on the grounds that they were "trade discounts." BIR held that such "kick-backs" were against public policy. The U. S. Tax Court and the Court of Appeals upheld the bureau.

The big question in these cases is: What is public policy? The Supreme Court refuses to define it, says that each case requires a separate ruling. Here are some deductions that have been disallowed:

- Payments in compromise of a state anti-trust violation.
- Lobbying costs.
- Fees to state officials to influence contract awards.
- Fee to a government agent to secure immunity to prosecution.
- Legal expenses for defense against criminal charges not connected with the taxpayer's business.
- Cost of judgment for damages in favor of the government arising out of bribery.

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# PRODUCTION



1 Eclipse-Pioneer deals with thousands of parts. To handle CMP allotments, each is recorded on a separate file card.



2 The amount of controlled materials going into each part is dug up from planning records, blueprints, subcontractors.

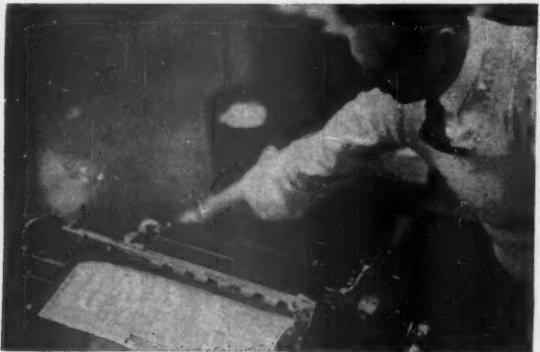
## Life With CMP: Keeping Data Straight



3 IBM machines do the rest of the job of finding out how much aluminum, steel, and copper is needed.



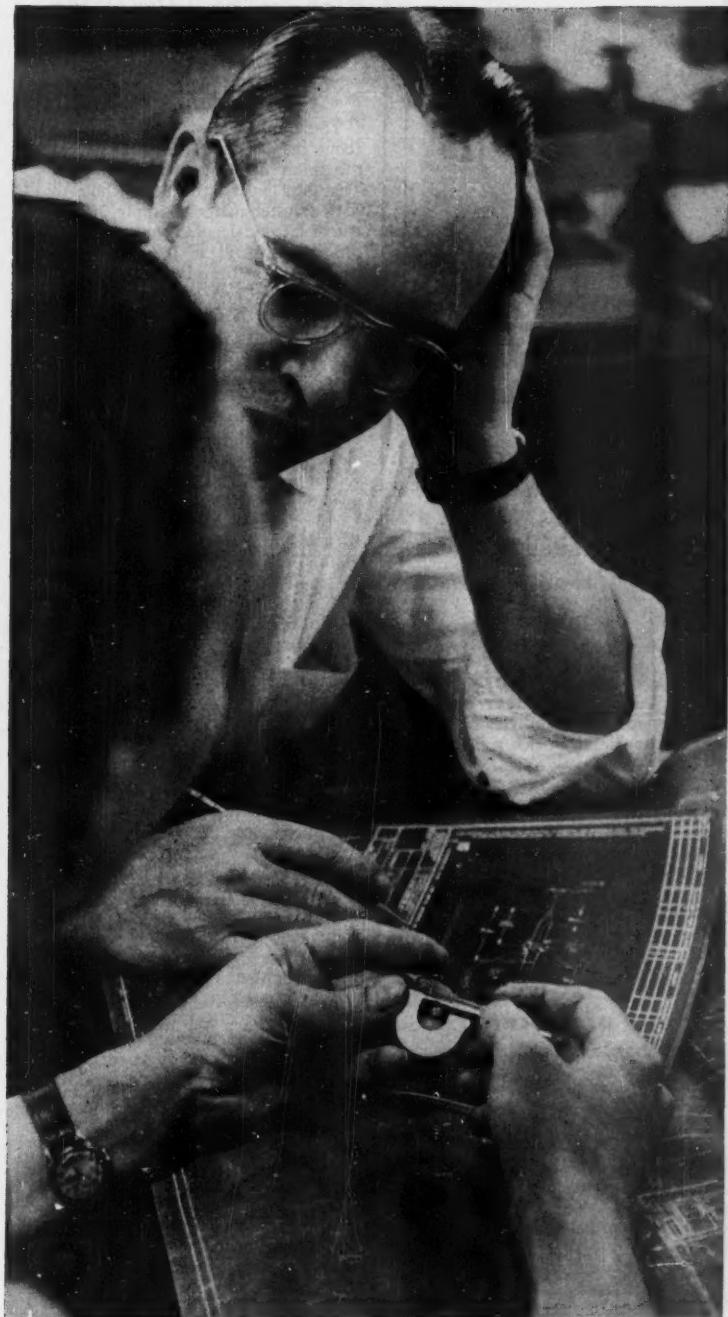
4 Mechanical sorting brings together cards for parts that use the same materials or have the same shapes and forms.



5 Mechanical operation is completed by tabulation of the total amount of materials called for by E-P production schedules.



6 Materials needs are lumped together, filled in on CMP form. That's the paper that will bring home the bacon for E-P.



ECLIPSE-PIONEER, a Bendix division, makes a variety of accessories, instruments. Its CMP experts have to study each part, to know just what materials it takes.

## Low-cost Trouble-free Operation

now is more important to a manufacturer's ultimate success than proximity to consuming markets.

. . . as one nationally known company says, "You can figure your freight costs — it's the other factors that can tip over your applecart."

. . . **labor**—the men and women of this state expect to give a full day's work for a day's pay—they're highly adaptable, cooperative and capable—which means *bigger man-hour production*.

. . . **power**—abundant, low-cost — hydro and steam.

. . . **fuel** — natural gas from big new fields.

. . . **water**—unlimited, constant-temperature, cheap.

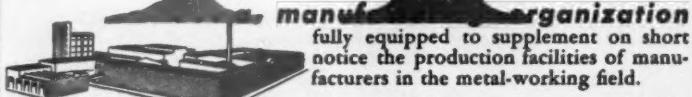
. . . **taxes**—among the lowest in the nation—no bonded debt, no income tax.

Write this division of state government for specific information. Dept. I.

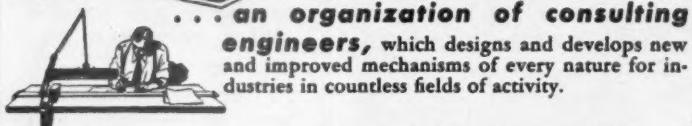
NEBRASKA RESOURCES DIVISION  
STATE CAPITOL LINCOLN

# What is Taft-Peirce Contract Service?

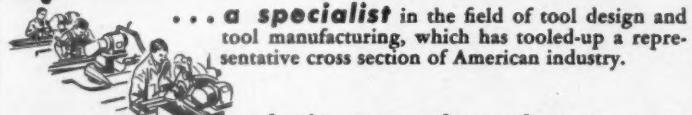
*Taft-Peirce has been called  
"the partner of all American  
Industry" for its Contract  
Service Division . . .*



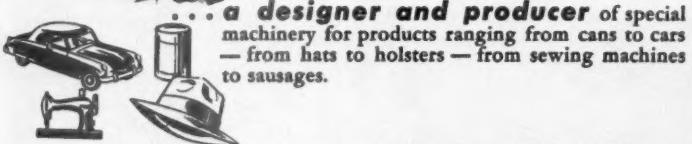
**manufacturing organization**  
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and improved mechanisms of every nature for in-  
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tool manufacturing, which has toolled-up a repre-  
sentative cross section of American industry.



**a designer and producer** of special  
machinery for products ranging from cans to cars  
—from hats to holsters — from sewing machines  
to sausages.

Through its long experience in contract work, Taft-Peirce has the ability and knowledge that frequently save time and money. Write for the 82-page illustrated booklet "Take It To Taft-Peirce"

For Engineering Tooling showing this 450,000 square foot modern plant and its 1500 modern machine tools.



Contract Manufacturing

**TAKE IT TO TAFT-PEIRCE**

. . . Few companies faced as complicated a chore as Eclipse-Pioneer . . ."

PLANNING FOR CMP starts on p. 102

The Controlled Materials Plan is just about the biggest piece of bureaucracy the mind of man ever put together. That's its great virtue; the whole idea is to transfer material supply problems out of factory slap-dash onto paper. It's the same idea as an inventory control system; it lets the plant supervisor juggle his inventories by shifting file cards instead of by heaving metal around the stockroom.

But only a small part of CMP bureaucracy is in Washington. That's because CMP is a "vertical" system: Information on requirements flows up from every plant in the country through a chain of sub-subcontractors, suppliers, subcontractors, prime contractors, and government agencies to the central CMP office. Allotments of material flow back by the same route. In all, Washington deals with a relatively small group of major manufacturers; each of these manufacturers in turn has the same job to do for its corps of suppliers and subcontractors.

• Baby CMP's—Result is that every important manufacturing company is having to set up a bureaucracy of its own—its own baby CMP organization.

To see how this works out, take a look at Eclipse-Pioneer, Bendix Aviation Corp.'s aircraft accessory and instrument-making division in Teterboro, N. J. Few companies faced as complicated a chore. Yet when E-P set its record-keeping machinery in motion, it poured out requirements for controlled materials, with very few hitches and speeded them on their way to the National Production Authority.

Three factors combine to make E-P's CMP job a tough one:

• It currently turns out some 520 end products made up of 35,000 different parts. These products include aircraft automatic pilots, turn and bank indicators, oxygen regulators, fuel flow meters, navigational instruments, jet engine starters, generators, and vacuum tubes.

• These devices go to over 550 customers, including the military services (who get the most), airplane makers, and airline operators. On E-P's books are more than 600 military prime contracts and some 3,000 secondary contracts and commercial orders.

• About 2,000 suppliers and subcontractors feed materials and parts to E-P. Of these, 250 furnish raw materials,

750 supply parts, components, and completed units. (The others furnish capital supplies, repairs, etc.)

• **Special Purpose**—Multiplicity of products, customers, and vendors compounds the complexity of E-P's CMP position. First, the company makes what NPA calls "A" and "B" products. "A" items are special-purpose devices that go to relatively few customers. E-P starters, generators, and plane engine controls are examples. "B" products are general-purpose items that can be used in lots of places and are sent out to many customers.

For its "A" products, E-P has to apply directly to the customer or claimant agency for materials allocations under CMP. Most of these are military agencies. Air Force, Navy Bureau of Ships, Bureau of Ordnance, Bureau of Aeronautics, Army Signal Corps, and Army Ordnance are some who buy "A" items from E-P. E-P also sells "A" products to companies like Boeing, Republic Aviation, and Philco. So Eclipse asks these firms for an allotment as a subcontractor.

Flight and engine instruments fall under the "B" classification. For these, E-P files its requests for materials allocations directly with NPA industry divisions for electrical equipment, electronics, and scientific and technical equipment.

E-P wears still another hat in its CMP operations. Some of its subcontractors make "A" items for which E-P has to pick up materials requirements; later it'll have to hand down allotments to these suppliers.

• **Its Own NPA**—So varied are E-P's relationships with its customers and vendors that it practically runs a little NPA operation all its own. Here's a case in point:

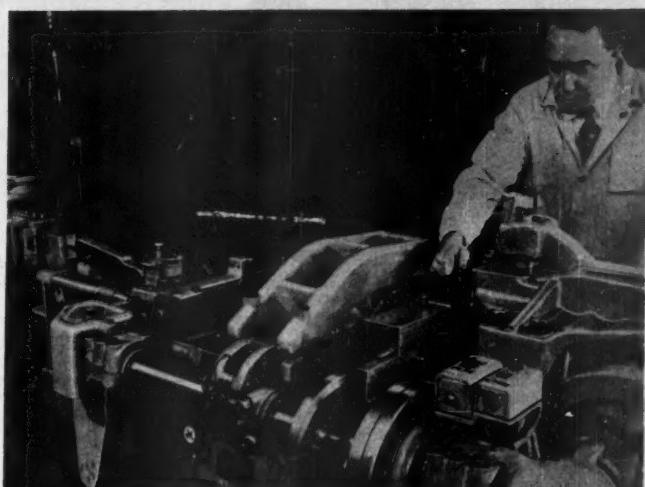
The company ordered some stainless steel screws from a screw machine shop. Normally you would consider screws a "B" item, and the supplier would get his allotment directly from an NPA industry division.

But this vendor asked E-P to get a steel allotment for him, and he was justified. Stainless steel screws aren't a regular product of this shop. And the screws were made solely for E-P to E-P specifications. That makes these particular screws an "A" item. So the supplier could ask the customer to get him an allotment of stainless steel for these screws.

The quantities of materials needed are probably small by, say, tank manufacturing standards. One pound of brass sheet may be enough for hundreds of plane instrument cams. But the variety is staggering; the company uses some 4,500 different shapes and forms of materials.

You get a picture of an instrument's

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Photo courtesy U.S. Tool Company, Inc.

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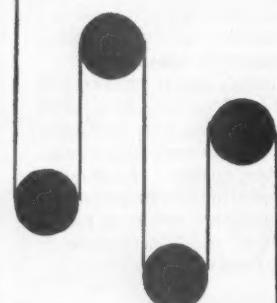
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## **INDEX**

## **EDITORIAL AND ADVERTISING**

"... IBM sorters and tabulators do most of the brute work . . ."

PLANNING FOR CMP starts on p. 102

worth from an incident at the plant at the end of the last war. A government contract terminations team was making a physical audit of inventory and asked to see one group of instrument inventory valued at around \$100,000. They expected to see a stockroom full of stuff, were surprised to find the entire inventory in two large cartons.

• **Experience**—Despite the intricacy of its operations, E-P has an edge on most manufacturers. The man who ran CMP for the company in World War II took over the operation again as soon as Washington started to talk about possibly controlling materials. That was early this year.

The experience paid off. The company was able to do the job with 10 people, one-third the staff needed during the last war. E-P's manager of CMP remembered the rough times his 30-man staff then had in developing the necessary information. He decided to mechanize the operation. One afternoon, with the engineer who runs E-P's IBM machine setup for production control, the CMP head worked out a way to get IBM sorters and tabulators to do most of the brute work. E-P says that's why the job is now faster, cheaper, and more accurate.

• **Records**—It took more than just machines to get CMP operations off on a solid footing. Records of the production planning and control department were in good shape so that the CMP staff could get the facts it needed: bills of materials, production schedules, and inventories of materials on hand. In E-P, the CMP supervisor reports to the general production manager. That simplifies getting records.

The procedure set up at E-P for developing the facts needed for CMP allocations is basically this:

• A 3-in. x 5-in. card is made for every part of every product using a controlled material.

• From planning records the CMP staff gets the type and quantity of material going into the part, if it's E-P made. (Most of the CMP crew worked the night shift for this part of the job; planning records are used by the production planning department during the day shift.)

• Materials for purchased parts sometimes are worked out from blueprints. This calls for production savvy; you have to allow for losses due to rejections and for the scrap you get with any fabricated parts due to machining or

stamping. For other purchased parts, E-P had to get bills of materials directly from the subcontractor.

- Information from the cards is consolidated on a form and sent to the IBM department.

- IBM cards are made for each part to show materials required and quantity.

- These cards are then matched with others reflecting production schedules.

- Card sorting gives total amounts of materials needed. It also gives the breakdown as to sizes and shapes and forms—sheet, bar stock, tubing wire products, etc.

- The last IBM tabulation tells the amount of each type material needed by months. That reflects the lead time—length of time between receipt of material and final fabrication of product.

- These totals, less inventories on hand, are what the company asks for in the way of a materials allocation on the CMP forms.

E-P got its CMP program off to a good start and wants to keep it that way. Its first effort is to help subcontractors. The company knows most of its vendors are small, don't know too much about CMP; some had no experience during the last war. One supplier wired E-P early last month, worried about not having received his materials allotments from the company. He didn't realize that NPA would first start making allocations this month.

E-P has urged its vendors to attend regional NPA meetings, being held all over the country to answer questions on CMP (BW—May 26 '51, p 144). It set up an all-day meeting in New York last month with about a dozen of E-P's most important subs to help them with any problems. Once CMP gets under way, an E-P representative will visit each of the suppliers to help him over his CMP rough spots.

- **Up-to-Date**—E-P wants to be sure that its own house stays in order. One man will keep CMP records up-to-date with all engineering changes and modifications of product. Another man will keep tabs on materials inventory. And just in case controls are extended to other materials, E-P is developing up-to-date bills of materials for plastics, rubber, magnesium, etc.

Once industry starts operating under CMP, E-P should find it as comfortable as an old shoe. The company already has a plan for handling controlled materials purchases. Briefly, here is how it will work:

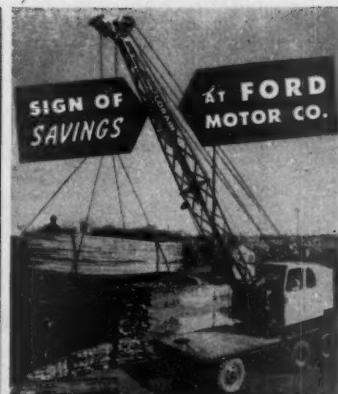
All purchase requisitions will go to the CMP group first. These will be ticketed with an allotment number and passed to the purchasing department. Reports of all purchase orders issued will be made to CMP group, which will make a deduction from total requirements for the particular end product. It'll be like drawing checks against a bank account, and the CMP people will be the bankers.



## Overhauling Gives Plane Engines New Life

Cellophane-wrapped, fully reconditioned aircraft engines leave the overhaul assembly line at Airwork Corp.'s plant in Millville, N. J. They're destined for commercial airlines such as Trans World Airlines, Colonial, and Seaboard & Western, which turn over

their engine rebuilding to Airwork. The company's painstaking work has paid off for one of its customers: Civil Aeronautics Authority authorized the airline to boost operating time between overhauls from 900 hours to 1,400 hours, for Airwork-rebuilt engines.



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Ford Motor Co., as a user of Lorain Cranes, benefits from any or all of the following features which can also help you reduce your material handling costs.

**Covers More Area . . .** Unrestricted mobility to serve all parts of your yard—or two or more yards.

**Handles More Jobs . . .** Multi-purpose uses for a wide variety of materials and jobs.

**Saves Labor . . .** Reduces need for hard-to-get labor; releases available labor for other production.

**Constant Efficiency . . .** Equal efficiency 24 hours a day, never varies with the hour or weather.

**Saves Yard Space . . .** Allows higher storage; more volume per square foot.

**Plant Work . . .** Also available for plant maintenance and construction.

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No other source offers a line so COMPLETE—so much design and tooling EXPERIENCE in Multiple and Single Spindle Bar and Chucking Automatics.

Synthetic rubber production has been speeded up by Phillips Chemical Co. Placing cooling coils in the reactors cuts processing time to 8 hr. instead of the usual from 12 hr. to 14 hr.

Design your own truck body, Fruehauf Trailer Co. advises businessmen. The company supplies model kits so a prospective purchaser can assemble a body suited to his needs. Any creation he comes up with will be a mass-production job because the components are standard.

Adding cerium to high-alloy steels, such as those used for jet engine parts, makes it easier to hot-form them. Carpenter Steel Co. developed the idea and says it should help increase production of heat and corrosion-resistant alloy in tube, sheet, rod, and bar forms.

The John Wesley Hyatt award has been presented by the Society of the Plastics Industry to James Bailey, Plax Corp., for his developments in extrusion of thermoplastics. Hercules Powder Co. sponsors the award.

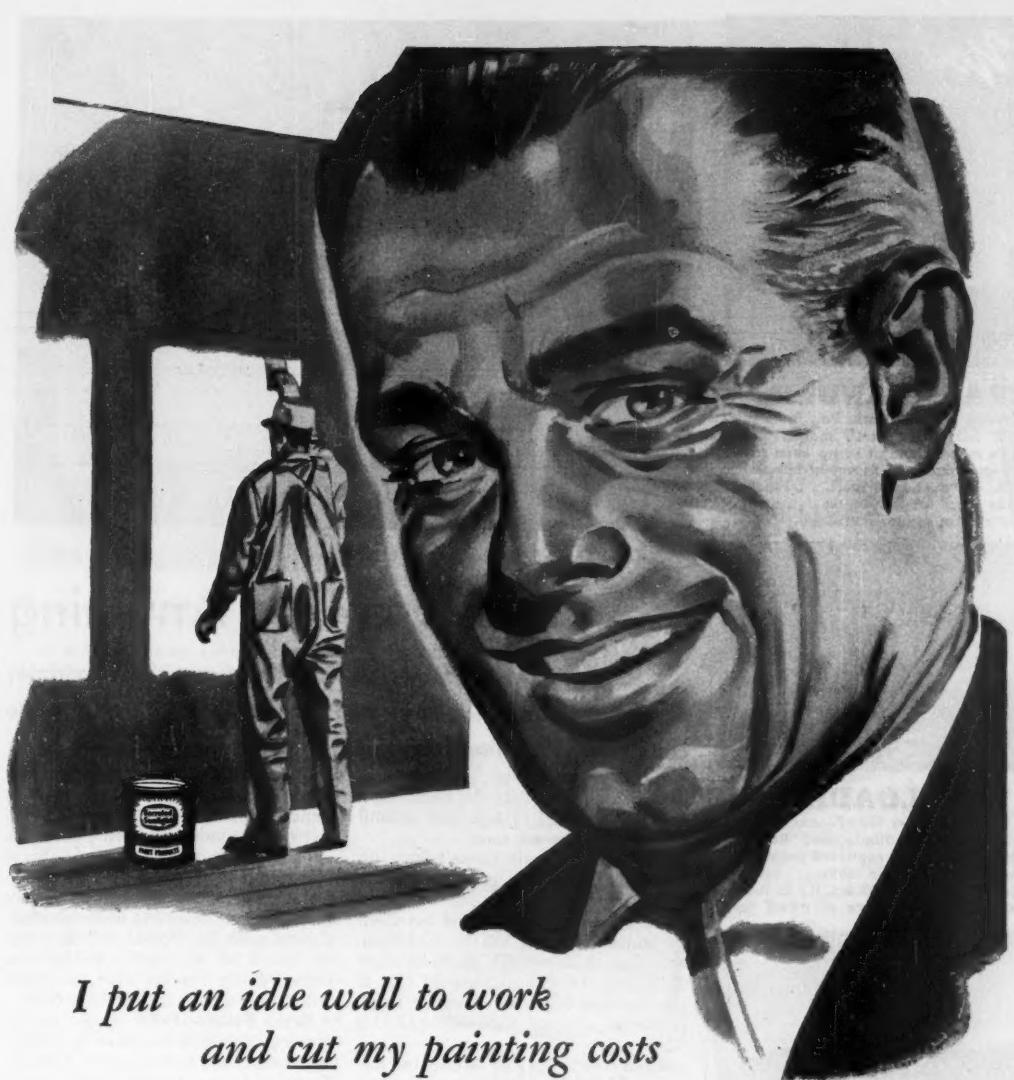
Tire service problems will be the sole concern of a new research center just opened by General Tire & Rubber Co. The aim is to stretch rubber supplies by developing improved tire recapping and repair methods.

Reusable metal containers are a must from now on for certain electronics equipment purchased by the Air Force. Such items used to be packaged in one-trip wooden boxes.

Largest steam turbine of the single shaft type ever to be built has been ordered from Westinghouse Electric Corp. by Public Service Electric & Gas Co. of New Jersey. This 185,000-kw. unit will have 25-in. blades—longest ever used.

A TV picture tube introduced by Allen B. Du Mont Laboratories, Inc., eliminates external focus attachments. Its new-type electron gun has a built-in automatic focus. Du Mont says this conserves critical materials such as brass, copper, aluminum, steel, and rubber.

Safety requirements for piping systems, from tiny systems for delicate instruments to those for transcontinental oil and gas pipelines, are spelled out in the 1951 American Standard Code for Pressure Piping. This guide for selecting materials to withstand operating pressures and temperatures is available from the American Standards Assn. Price: \$3.50.



## *I put an idle wall to work and cut my painting costs*

I got the idea from a Barreled Sunlight representative. "Painting costs", he said, "are never determined by the cost of paint per gallon. It's the amount of paint you have to buy . . . and of far greater importance, the amount of labor it takes to put it on."

To test this idea, I bought a gallon of Barreled Sunlight and compared it with a gallon of the paint I was using. Each was thinned according to directions on the can, and my painter applied each on an idle, out-of-the-way wall in my building. Right away I saw that Barreled Sunlight gave me more paint ready for the brush. It gave me more yardage on the wall . . . looked much better after drying . . . and took far less time to apply.

This test convinced me that for a longer last-

ing, better looking paint job at lower cost for both paint and labor, Barreled Sunlight is the answer. Let your Barreled Sunlight representative help you make such a test on one of *your* idle walls. Write — and he'll call.

**BARRELED SUNLIGHT PAINT CO.  
1-F Dudley St., Providence, R. I.**



## **Barreled Sunlight Paints**

In whitest white or cream, clear, pleasing colors,  
there's a Barreled Sunlight Paint for every job

## You, too, can CUT COSTS



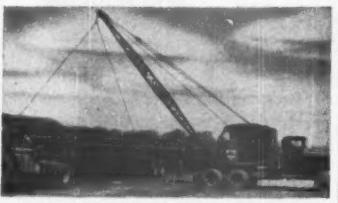
### SCRAP HANDLING!

L. Lavein & Sons, York, Pa., finds low-cost 23" Schiell Bantam® magnet crane handles many kinds of scrap even faster than bigger cranes . . . easily fills 60,000 lb. R.R. car in 3 to 4 hrs. . . . loads or unloads truck in 15 minutes . . . at fraction of cost of former methods!



### LOG LOADING!

Roy Martin Lumber Co., Alexandria, La., cuts costs by shuttle-loading 6600-lb. hardwood logs at 4 scattered points with truck-mounted Bantam crane . . . recently loaded 70 cars (412,301 bd. ft.) in just 13 working days, exclusive of travel time.



### PIPE HANDLING!

Dunn Bros., Dallas, Texas, handled 300 miles of 12½" gas pipe with one mobile 5-ton Bantam crane . . . transferred 34 carloads from flatcars to trucks in 8 days at one site . . . speeded over highways to other unloading points, thus eliminating extra men and machines.

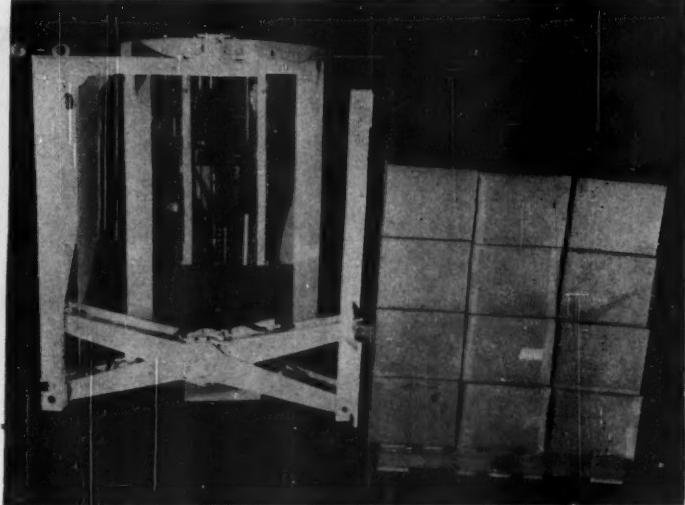
You, too, can cut costs with Bantams . . . Low investment job-proved . . . EARLY DELIVERY! Write today. Schiell Bantam Co., 259 Park St., Waverly, Iowa.



**SCHIEL  
BANTAM**

Cranes • Excavators

SB-1-5



LOAD TURNS, but truck doesn't. New model is useful in crowded aisle space.

## New Ways to Tote Anything

Equipment at Materials Handling Exposition eliminates pallets, cuts operating costs, and saves space. Things like these could slice \$2-billion from industry's transport bill.

U. S. industry spent more than \$9-billion last year just to tote stuff around its plants and warehouses.

- **Ways to Save**—It doesn't have to spend that much. By using more forklift trucks, overhead carriers, and pneumatic systems, industry could cut down its annual handling tab by \$2-billion, according to an estimate made by Allen K. Strong, American Cyanamid Co., at the National Materials Handling Exposition in Chicago (BW—May 12 '51, p. 52).

Even companies that already use mechanical handling equipment extensively might benefit by buying improved machinery. There was plenty of it on display at the Chicago show.

- **Trends in Handling**—The new developments that appeared there indicate two trends in materials handling: (1) Customers want equipment that will eliminate, or simplify the use of, the pallet; and (2) they want machines that are more versatile, cheaper to operate, and save space.

- **No Pallets**—Eliminate the pallet, and you cut out a whole list of costs. Besides the original investment in pallets, they also have maintenance and shipping charges attached to them. Of its entire line of fork-lift trucks at the show, Clark Equipment Co., the biggest of the truck producers, displayed only one

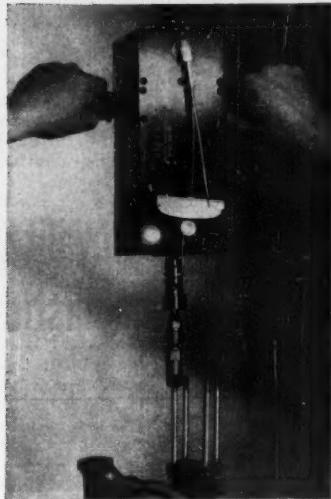
model that used pallets. The others come equipped to handle a product directly. For crates with open sides Clark has a finger-lift device that works almost like a human hand. Grab arm attachments that replace the traditional fork for a pallet are shaped to fit the product. Curved grabs handle one to four drums or barrels at one time. And a ram-shaped device handles almost anything with a hole such as coils of sheet steel.

- **Better Pallets**—Pallet people are beginning to counter this trend by producing cheaper and better pallets. Addison-Semmes Corp., Racine, Wis., has a paper job that's a corrugated sheet surface supported by paper rolls. It's less expensive than wood pallets and can be reclaimed to make new ones after it becomes dog-eared.

- **Space Saver**—To give a customer a few extra feet of storage space Automatic Transportation Co. has a truck that turns the loaded fork instead of the truck itself to unload and stack products (picture). The fork swings 90 degrees, can be used in aisles under 6 ft. wide.

- **Low Operating Cost**—Yale & Towne Mfg. Co. introduced a lift truck at the show that's powered by a diesel engine. In the initial investment the cost of a diesel is higher than the gasoline truck, but the operating economy of the diesel more than pays the original cost.

## NEW PRODUCTS



### Torque-Control Wrench

When you use an automatic wrench to drive a stud or screw in exacting equipment, such as aircraft engines, you have to keep a close watch on the torque—or twisting effort—exerted. Too much torque results in stud breakage and scrap. Tru-Circle Products Co., says you get the right amount of torque easily with a compact wrench unit called Garvin Torque-Indicating Driver.

The Garvin driver is built around a standard deflection-type torque wrench. By adjusting two screws, you set the unit for high and low torque limits according to known specifications for driving the stud. As it drives the stud, a dial on the front, registering in inch-pounds, indicates the torque. When you reach minimum torque, a green light flashes on; a red light tells you it's at maximum torque. As optional equipment, the company has a relay that cuts the power, stops rotation when the desired torque is reached.

The driver works from an electric or air motor. It comes in 0-100, 0-350, 0-500, 0-750, 0-1,500, and 0-2,000 inch-pound capacities. The 0-100 inch-pound model is portable.

• Source: Tru-Circle Products Co., South Bend, Ind.

• Price: About \$650-\$1,500.

### Canned Speckled Paint

Painters may no longer be able to get a rise out of a new apprentice by sending him after a gallon of speckled paint. Maas & Waldstein Co.'s Plexitone paint kills the gag. It takes just one coat of

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and you'll see why...  
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- ★ Low rate of heat conductivity



SEE NEXT PAGE FOR LIST OF U. S. ROYALITE FABRICATORS ➤



UNITED STATES RUBBER COMPANY

2638 North Pulaski Road • Chicago 39, Illinois

this paint to give you red, white, and blue dots on a gray background, or any other color combination you want.

Normally, when you mix blue with yellow, you get a solid green. With Plexitone paint, a special chemical solution keeps the particles separated, giving a speckled effect. The paint comes premixed in a variety of color combinations; or you can get the solid colors and mix them yourself.

When you spray Plexitone without atomizing, or breaking up, the particles push through the gun nozzle. M & W says this cuts down paint loss due to the spray mist.

The paint is recommended for furniture, interior building walls, picture frames, and lamp shades, as well as metal, paper, and cement surfaces. Plexitone is said to resist chipping, cracking, and wear; it hides surface imperfections—because of the mottled pattern—and will take soap-and-water washings.

- Source: Maas & Waldstein Co., 438 Riverside Ave., Newark, N. J.
- Price: \$4.00 to \$4.50 a gal, for industrial use.

## NEW PRODUCTS BRIEFS

**Dynalubricator GHM-3**, from Brown Dynalube Mfg. Co., Charlotte, N. C., dispenses heavy lubricants used in the traction-drive gear cases of diesel-electric locomotives. The portable dispenser is battery-powered. With the lube gauge set for any amount up to 10 lb., the pump cuts off automatically when the selected amount is pumped.

**A lint remover** called Tydi-Rol consists of a roller with an adhesive covering. You roll it lightly over the material to pick up surface matter. To change adhesive, unwind the used layer, tear it off, and you expose a fresh section. Semrow Products Co., Inc., 6120 Northwest Highway, Chicago, makes it.

**Vertical grinding** on inside, outside, and contour cuts in hardened materials such as steel, alloys, and marble is possible with a cutting tool called Line Grind Band. Manufacturer DoAll Co., Des Plaines, Ill., makes two models, one of aluminum oxide for metals, the other of silicon carbide for geological and silica-filled material. You can use the band to repair a broken die by "cutting out" the damaged section.

**A removable finish** made by Merchants Chemical Co., Stamford, Conn., prevents polished metals from tarnishing and resists corrosion. To remove it, break the film surface with a pin point, lift the edge, strip the entire finish off at once. Called Silvern, you can leave it on ornamental metal items indefinitely.



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Engineering Plastics Co., 1475 El Mirador Dr., Pasadena 3  
National Plastic Industries, 425 Divisadero St., San Francisco  
Hollywood Plastic Arts, 503 W. Olympic Blvd., Los Angeles 15  
Swedlow Plastics Co., 5527 District Blvd., Los Angeles 22  
Westwood Craftsmen, Inc., 2043-45 Pontius Ave., Los Angeles 25  
Associated Mfg. Co., 541 S. Fair Oaks Ave., Pasadena 2

### COLORADO

Pikes Peak Plastic, 5 W. Cucharras St., Colorado Springs  
Denver Plastics, Inc., 260 S. Dale Court, Denver 9

### FLORIDA

Plastics Design & Mfg. Co., Box 61, Tallahassee

### GEORGIA

Gladwin Plastics, 542 Courtland St., N.E., Atlanta

### ILLINOIS

Arren Plastic, 1539 N. Throop St., Chicago 22  
Associated Plastics Fabricators, 164 N. May St., Chicago 7  
L. A. Goodman Mfg. Co., 131-145 W. 63rd St., Chicago 21  
Laidman-Krispin Co., 1308 N. Halsted St., Chicago 22  
Cortland Industries, Inc., 4545 W. Cortland St., Chicago 39  
Neo Products Co., 2534-38 S. Kedzie Ave., Chicago 23  
O-Lin Products, 3755 Kedzie Avenue, Chicago 18  
Precision Plastic Products Inc., 628 W. Lake St., Chicago 6

### INDIANA

General Plastics Corp., 1400 N. Washington, Marion

### MARYLAND

Fawn Plastics Co., 2902 Hamilton Ave., Baltimore 14

### MICHIGAN

Cadillac Plastic Co., 651 W. Baltimore, Detroit 2  
Imperial Industries, 4435 Walker Ave., Wayne Klise Mfg. Co., 50 Cottage Grove S.W., Grand Rapids 2  
Reynolds Plastics, Inc., 3445 W. Fort St., Detroit Fabri-Kal, 242 East Kalamazoo Avenue, Kalamazoo Woodall Industries Inc., 7565 E. McNichols Rd., Detroit 34

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### MINNESOTA

T. O. Plastics, 58th & Longfellow, Minneapolis Plastics, Inc., Chestnut & Ryan Sta., St. Paul 2

### MISSOURI

Regal Plastics Co., 710 Main St., Kansas City

### NEBRASKA

Omaha Plastics Co., 1470 S. 16th St., Omaha 9

### NEW JERSEY

Silcock-Miller Co., 10 W. Parker Ave., Maplewood Stokes Molded Products, Inc., Taylor St. at Webster, Trenton 4

Thermacote Co., 320 Jefferson St., Newark 5

Van Beek Industries, 23 Park St., Orange

### NEW YORK

Bassons Molded Products, 1424 W. Farms Rd., New York 60 Copeland Displays, Inc., 537 W. 53rd St., New York 19

Curbell Inc., 1700 Elmwood Ave., Buffalo 7

Dual Fabricators Corp., 808 Driggs Ave., Brooklyn 11

Dura Plastics Inc., 1 W. 34th St., New York 1

Durable Formed Products, Inc., 329 Canal St., New York 13 Mastercraft Plastics Co., Inc., 95-32 150th St., Jamaica 4

Steiner Plastics Mfg. Co., 47-30 33rd St., Long Island City 1

### OHIO

Fabri-Form Co., Box 36, Cambridge The Baxter Company, 15 E. 2nd Street, Cincinnati

### PENNSYLVANIA

Halsen Mfg. Co., 5919 Webster St., Philadelphia Lee Plastics, A and Lippincott St., Philadelphia 34 Pearson-Berlinghof, Inc., 18 North State Street, Newton

The Bell Plastics Co., Inc., 600 Heinz Street, Pittsburgh 12

### TENNESSEE

Plasti-Line, Inc., Jacksboro & Broadway, Knoxville 18

### TEXAS

Plastic Engineering Co., 2101 69th St., Houston 11 Plastic Products of Texas, 1400 Cedar Springs, Dallas

### WASHINGTON

K. B. Plastics, Inc., 1817 So. 1st St., Yakima Mason Plastics Company, 1121 Westlake North, Seattle

### WISCONSIN

Midland Plastics Inc., 227 N. Water St., Milwaukee 2

# FINANCE

## Mortgage and Building Loans Tighten Up

- Since government-bond prices started dropping in March, banks and insurance companies have been frozen into their holdings—and can't afford 4% mortgage loans.
- So home buyers now have to pay about  $\frac{1}{2}\%$  more interest on their mortgages than they would have three months ago.
- And home builders have a tougher time getting construction loans.
- But most bankers think that mortgage and loan rates have gone about as high as they will go.

The decline in government-bond prices is bad news for home building. Ever since Treasury bonds started skidding in March, mortgage money has been getting harder and harder to find. • **Mortgage Rates Up**—If you're looking for 4% or  $4\frac{1}{2}\%$  money, you'll find the mortgage market very, very tight this week. VA or FHA mortgages, which have rates fixed at 4% and  $4\frac{1}{4}\%$ , are particularly tough to place.

Generally, you can get your money if you're willing to pay 5% or  $5\frac{1}{2}\%$  interest. But in some areas, especially on the West Coast, the rate has gone up to 6% or even higher. All over the country, rates have moved up about  $\frac{1}{2}\%$  since March.

• **Construction Loans, Too**—If you're a builder, it's the same story; you'll probably have to pay 5% to 6% for construction loans, and you may have trouble at that—unless you are well-established and have good banking connections. You may have to show that you have materials lined up and also prove that your customers will be able to finance their houses.

Not so long ago, builders could get a discount of 1% or 2% on construction loans if they lined up the mortgage loans later on for the lender. Today some banks are tacking on a 1% to 3% service charge on construction loans. Builders who have loaned money to clients on VA and FHA mortgages now find they have to take a discount to resell them.

### I. Squeeze on Money

There's no mystery about what has happened. The insurance companies and banks that normally buy mortgages have

their funds frozen in government bonds. That is, they can't sell the bonds without taking a loss.

Insurance companies had already committed themselves to take a large volume of mortgages and corporate bond issues before the break came in the bond market. They had planned to meet these commitments by selling governments, just as they have done ever since World War II.

Now they have to meet commitments out of incoming premiums and amortization payments and perhaps by selling a few governments, before they can take on anything much in the way of new mortgages. Some companies think they will be caught up by late summer. Others think they may not work off their commitments until early 1952.

• **Paper Backs Up**—This backs up on the mortgage companies that normally pass on their paper to insurance companies. In many places, mortgage companies are practically out of the market. Banks, too, used to pass on a lot of their VA and FHA paper to insurance companies. Now they have to sell them at discounts of anywhere from 1% to 6%. Here's why: Insurance companies used to net about  $3\frac{1}{2}\%$  out of GI mortgages, after servicing fees. That kind of yield is hardly worth while now, if you have to take a loss on governments to raise the money.

Neither banks nor savings and loan associations are refusing to make loans, but rates and terms are higher. Typical rates run from 5% to  $5\frac{1}{2}\%$ . And bankers are cold-shouldering real-estate brokers to whom a few months ago they were paying a 1% premium for bringing in mortgage loans.

Purchases of savings and loan shares

have staged a comeback in the last month or two, so the associations have some new money to invest. But most need it to take care of their old customers. Not many can accommodate new ones.

• **Future Trend**—Most bankers think that mortgage rates are just about as high as they will go—because, they think, government-bond prices have just about reached their bottom. Others think rates may go a bit higher.

Some bankers expect a return to fixed price supports for government bonds before many months. That, of course, would stop money rates from getting higher. Several think that increased public savings in savings banks and increased purchases of savings and loan shares will make mortgage money more available, at existing rates.

### II. Squeeze on Builders

Naturally, the first borrowers to be hurt by the tight mortgage market are the builders of speculative, low-priced housing who have been doing business on FHA and VA guaranteed loans with the large insurance companies. Sometimes the insurance carriers have taken these mortgages directly, sometimes they have bought them through banks or mortgage companies. Now, because such projects have in the past usually ended up as government-guaranteed 4% loans, banks in many areas aren't willing to make construction loans to start them.

The trend to higher rates has embittered the builders, naturally. Says one in St. Louis: "If this thing isn't straightened out pretty quick, somebody is going to be left at the shore when you need housing." And, at a builders' conference on substitute materials, one builder remarked: "What we really need is a substitute for money."

• **Free "Fanny May"**—One of the things the committee will probably ask is that the government loosen up the Federal National Mortgage Assn., better known as Fanny May. In the past, Fanny May has helped keep things easy in the mortgage market by buying mortgages from the primary lenders (BW—Apr. 1 '50, p76). Now Fanny May isn't buying many mortgages, and it won't make commitments in advance to buy mortgages.

Another concession builders will plead for is easier Regulation X terms on down payments for houses (BW—

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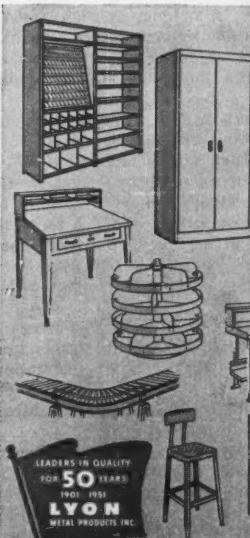
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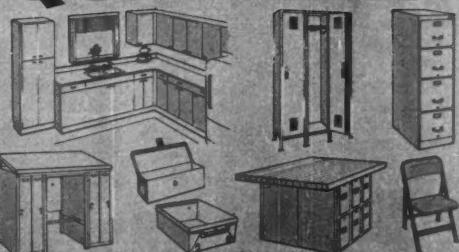
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*This announcement is neither an offer to sell nor a solicitation of an offer to buy securities. The offering is made only by the Prospectus.*

NEW ISSUE

**\$30,000,000**

## National Dairy Products Corporation

**3 1/8% Debentures due 1976**

**Price 99 3/4%**

(and accrued interest after June 1, 1951)

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**Smith, Barney & Co.**

**Union Securities Corporation**

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*May 24, 1951.*

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mighty useful. Equally useful, too, is our familiarity with the U. S. businessman's point of view, dating back to 1859 when we established the first Canadian banking office in the U. S.

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*Head Office: Montreal*

**550 BRANCHES ACROSS CANADA • RESOURCES EXCEED \$2,000,000,000**

Oct. 14 '50, p34). Some builders place all the blame for the tightness in mortgage money on Regulation X. By textbook theory, they're all wet. Forcing people to make higher down payments reduces the demand for mortgage money, and thus should make such loans easier to get.

But Regulation X is helping to make construction loans tighter insofar as it makes banks more cautious. Banks won't loan money to builders who are having trouble selling houses already built. And there's no doubt that the high down payments are a big reason why speculative houses are moving more slowly.

### III. From Place to Place

BUSINESS WEEK correspondents surveyed the condition of the mortgage market in their regions. Here is what they found—working West to East.

**Los Angeles.** No large housing projects started last month. The eastern insurance companies, normally big buyers of VA and FHA paper, have completely pulled out of this market. "Conventional" mortgages were already at 5% to 6% last January; now they're 1/4% to 1/2% higher. VA mortgages are offered at 97%, with no takers.

**St. Louis.** Primary lenders here can only get rid of VA mortgages by selling them at 94% to 96% of par. FHA loans are selling between 99% and par. Typical mortgage rate is around 4 1/2% to 5%.

**Chicago.** Typical rates are from 5% to 5 1/2%, sometimes as high as 6%. Some insurance companies are still taking 4 1/4% and 4 1/2% mortgages on high-priced homes in high-class suburbs.

**Milwaukee.** No tightness here for loans from 4 1/2% to 5% interest.

**Cleveland.** Typical rate here is 5%. A good deal of mortgage paper in the area is normally bought by eastern insurance companies. But this source of funds is drying up. One lender, a savings and loan association, says it is still taking VA mortgages—but with a fee attached.

**Atlanta.** Construction loan rates run as high as 6%, home mortgages from 4 1/2% to 5 1/2%. Some institutions have bought VA's and FHA's at discounts of from 3% to 6% "in distress situations."

**Rochester.** Here 5% is the "conventional" rate, with some loans at 4 1/2%. Banks and savings and loan people say they are still making VA and FHA loans, having no trouble reselling them.

**Hartford.** Mortgages run from 4 1/2% to 5%, not much of a rise from pre-March levels. Builders still have no trouble, generally speaking, in getting FHA loans.

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The Dayton Power and Light Company serves approximately a seventh of the State of Ohio. Through-out this 24-county territory, comprising 6,041 square miles, we serve 282 villages, towns, cities and adjacent suburban and rural areas.

The 1950 Dayton Power and Light Company Annual Report discloses that in the last five years the expansion of existing industries and the development of new plants in our area have resulted in a 61% increase in industrial kilowatt sales and that we are prepared for further expansion. The report points out that farm income is far above the national average and our farmers are recognized as one of the most progressive groups in the country.

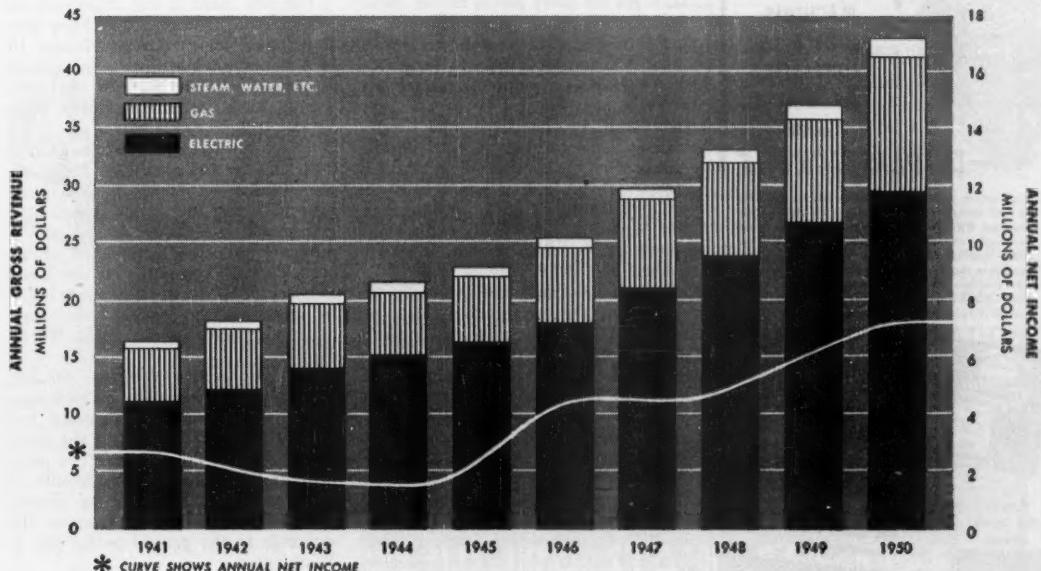
The Annual Report also discloses that net earnings in 1950 from our combined electric, gas, steam and water services were \$8,465,996, highest in our history and equiv-

alent to \$2.83 per share based on 2,282,142 shares outstanding, compared with \$2.78 in 1949 on 1,983,333 shares. With the sale of two issues of stock during the year we have continued to maintain excellent balance in our capital structure. The proceeds from these issues were used to finance part of our construction program.

All of us—stockholders, officers, directors and employees—combining our efforts as free men, are bending every effort to maintain the green light of progress for the homeowner, the industrialist, the merchant and the farmer; for everybody in this territory.

We believe our achievements are due to the teamwork of the company, its 17,395 stockholders and its 2258 employees—and that it is equally important for all of us to maintain constant vigilance to preserve here at home those tenets of private initiative and private enterprise that we are so ardently preparing to defend from attack from outside.

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GEORGE KEITH FUNSTON, now president of Trinity College, at 40 qualifies as . . .

## Big Board's New Wonder Boy

The New York Stock Exchange is to have another wonder-boy president. Last week the Big Board's governors invited 40-year-old George Keith Funston to become its president on a three-year contract as soon as he could find a replacement in his present job as president of Trinity College, in Hartford. He'll get the same pay as former president Emil Schram—\$100,000 a year.

Funston is already nine years older than William McC. Martin (page 56) was when Martin became the exchange's first paid president in 1938. Besides relative youth, the two have other resemblances. Funston is an unassuming fellow who has always impressed his elders with his skill at handling tough problems. And it's quite possible that, like Martin, he may have been pushed for the job by executive fancier Sidney J. Weinberg (BW—Jan. 27'51, p89).

• Chauffeur—Funston was brought up in South Dakota, worked his way through Trinity, where he was chauffeur and odd-job man for the president whom he later succeeded. After taking all the honors at Trinity, he spent two years at the Harvard Graduate School of Business Administration, then taught accounting there.

In 1935 Funston went to New York to work for American Radiator Co., wound up as assistant to the treasurer. In 1940 he shifted to Sylvania Electric Products Co. as sales planning director, then purchasing director.

• Wartime Service—After Pearl Harbor, Funston was loaned to the War Pro-

duction Board as a dollar-a-year man, became special assistant to Weinberg and later to chairman Donald M. Nelson, for whom he handled confidential matters. Later he shifted over to the Secretary of the Navy's office as assistant director of the industrial readjustment branch.

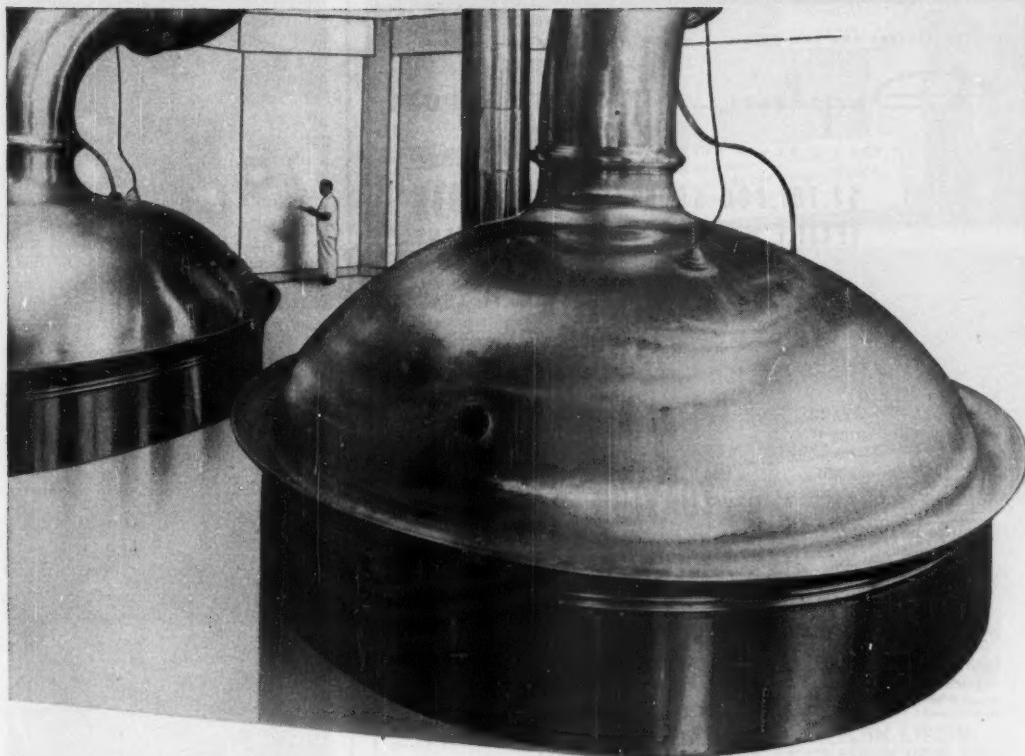
Funston made a big impression in Washington. One man who knew him there says: "That fellow could move 10 feet, mentally, while other people moved 10 inches." Before the war was over, Trinity made him its president while he was still 33.

They made a good choice. During Funston's five and a half years at Trinity, the student enrollment has increased over 80%, and the college's assets have increased over 50%.

• Man Hunt—Toward the end of last year, a special committee of the board of governors of the stock exchange began to consider who should take Emil Schram's place. The lot finally fell on Funston.

Though Richard Whitney, the last Old Guard president of the exchange, would have snorted, a background and personality like Funston's fit the presidency of the stock exchange. The president of the exchange must handle its fairly complex housekeeping duties. More important, he must represent the exchange to the general public and to Washington.

Funston expects to take over his new job this fall, but, at any rate, not later than next Jan. 1.



## The Metal that can Take Beer...and Leave It Alone



• Brewing a fine kettle of beer every time is touchy business, even for the specially-trained brewmaster. Carefully-selected ingredients, purest water, and the brewmaster's fine touch are combined in giant 450-barrel brew kettles to produce a brew that will make you smack your lips.

The brewing process has no place for a metal that wants to add its dime's-worth to the formula . . . or take away some intangible something from the flavor and color.

That's why more brewers are switching to ENDURO Stainless Steel for brew kettles, fermenting tanks, wort coolers, and other equipment. With ENDURO, they get out of

the brew *exactly* what is put into it.

ENDURO is inert to beer, and to most foods and chemicals. It's easy to keep shining bright and clean. It's readily formed, welded, and fabricated into just about anything you need . . . from 16-foot kettles to tiny hypodermic needles.

There are places in your products or processes where Republic ENDURO Stainless Steel can do the job better . . . or exclusively. May we call and show you where . . . and how?

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## Duplan SIX MONTH REPORT

FACTS FROM THE SIX MONTH REPORT TO STOCKHOLDERS, MAY 22

### \$2,701,000 SPENT FOR EXPANSION TEXTILE MARKETS SHOW IMPROVEMENT

Sales were \$605,883 higher than for the same six months last year, but net earnings were \$143,277 less because of increased taxes on income.

We spent \$2,701,081 for plant expansion and new machinery. Additional expenditures of \$1,500,000 are expected to be made in the second half of our fiscal year.

Quarterly cash dividends are planned payable on the last weekday of February, May, August and November. 25¢ per share was paid on February 28 and 25¢ per share has been declared payable on May 31, 1951.

A preliminary spot-check indicates that our ceiling prices under the OPS manufacturers' order should permit a satisfactory margin of profit.

Textile markets have been affected by the continued lack of interest in "soft goods" by the consumer since Korea. There has been some recovery in prices recently. We expect active business during the summer months when the products we make are in greater demand.

#### STATEMENT OF OPERATIONS

SIX MONTHS ENDED MARCH 31

	1951	1950
Net sales . .	\$17,873,314	\$17,267,489
Earnings before taxes . .	1,935,380	1,932,657
Taxes on income . .	890,000	744,000
Net earnings . .	1,045,380	1,188,657
Earnings per share (976,083 in 1951 and 939,507 in 1950)	\$1.07	\$1.26

COPY OF SIX MONTH REPORT ON REQUEST

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WORLD'S TALLEST: It has new landlord.

### Out-of-Towners Buy Empire State Building

Almost everyone had heard the old gag about New Yorkers selling the Brooklyn Bridge to out-of-towners. But this week an even more impressive actual sale took place in New York. An out-of-town group bought stock control of Empire State, Inc., owner of the Empire State Building, the world's tallest. It was no gag.

• Syndicate — The purchasers were a syndicate headed by Roger L. Stevens and Alfred R. Glancy, Jr., both of Detroit, and Ben Tobin of Hollywood Beach, Fla. The sellers were the estate and family of the late John J. Raskob, well-known financier and political figure.

Nobody knows just how much of the stock has been sold, or at what price. But the buyers value the building and its operations at about \$50-million. The 102-story building has 2-million sq. ft. of office space. A major New York tourist attraction, its observation tower alone took in \$750,000 last year. Another \$100,000 a year will come from rentals paid by the six TV stations that

will transmit from a new 222-ft. tower. Unlike many big New York buildings put up in the late 20's, the Empire State never went bankrupt—though it had some tough times.

• **Not a New Venture**—This isn't the first New York venture of the Stevens-Glancy-Tobin group. Two years ago they bought Realty Associates, which owned several large metropolitan buildings and had big Long Island holdings. The group merged Realty Associates into their holding company, now known as Realty Associates Securities Corp. Later they bought into New York's Bing & Bing, Inc., and City Investing Co. They're also building a \$10-million shopping center in Chicago.

• **The Buyers**—Stevens, who is 41, also backs Broadway plays and with his two associates has money in two current hits—"The Rose Tattoo" and "Darkness at Noon." Glancy, 43, an ex-vice-president of the National Bank of Detroit, has been in real estate since 1947. Tobin, 45, who was originally from Detroit, owns the Hollywood Beach Hotel.

## FINANCE BRIEFS

The bond market will take issues if the price is right. The \$30-million of National Dairy Products debentures priced to yield over 3½% went over well. There was practically no buying by U.S. life insurance companies. That suggests how heavily their funds are committed to mortgages (page 114).

Savings and loan association shares increased by \$305-million during the March quarter, according to an estimate by the U.S. Savings & Loan League. This compared with a record \$447-million increase in the 1950 period.

The West Virginia bonus bond issue (BW—May 19'51, p128) got no bids at all from the market. The eastern voluntary credit restraint committee asked that there be no bidding.

Senate investigation of the New Haven R.R. will be put off a month, Sen. Brien McMahon said last week. This week, 85-year-old board chairman and president Frederick C. Dumaine, whose management of the road has aroused the criticism (BW—Apr. 21'51, p121), died quietly in his sleep.

Replacement cost can't be used by a New York State utility as a yardstick for valuing its property. The state Public Service Commission threw out evidence offered by the New York Telephone Co. to support a plea for a rate boost.



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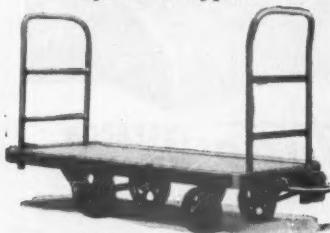
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# THE MARKETS

## How to Buy a \$10-Bill for \$5

	Date Latest Bal. Sheet	Per Common Share				
		Recent Price	Book Value	Net Wkg. Capital	1950 Earnings*	Calendar 1950 Div.
American Distilling	9-30-50	<b>\$45.25</b>	<b>\$73.68</b>	\$54.00	\$4.71	\$2.00
Amer. Woolen	12-31-50	<b>37.50</b>	<b>74.87</b>	43.09	4.39	1.00
Babcock & Wilcox	12-31-50	<b>36.63</b>	<b>46.19</b>	31.51	6.70	4.50
Bigelow-Sanford	3-31-51	<b>33.00</b>	<b>43.50</b>	28.26	7.75	3.00
Continental Steel	12-31-50	<b>24.63</b>	<b>33.22</b>	10.79	5.31	3.80
Douglas Aircraft	11-30-50	<b>47.50</b>	<b>65.58</b>	48.54	12.02	3.12
Endicott Johnson	11-30-50	<b>28.50</b>	<b>66.25</b>	37.24	1.36	1.60
Fed. Motor Truck	12-31-50	<b>6.37</b>	<b>8.62</b>	4.80	D2.27	...
Kalamazoo Stove	12-31-50	<b>14.50</b>	<b>21.20</b>	19.73	0.51	0.30
Kayser (Julius)	6-30-50	<b>13.75</b>	<b>24.29</b>	14.24	1.55	1.00
Manhattan Shirt	12-31-50	<b>22.00†</b>	<b>44.30</b>	52.15	NA	1.10
Montgomery Ward	1-31-51	<b>68.37</b>	<b>80.20</b>	71.83	11.19	3.00
Oliver Corp.	10-31-50	<b>29.75</b>	<b>60.22</b>	49.85	7.31	2.00
Pullman, Inc.	3-31-51	<b>44.13</b>	<b>67.03</b>	50.49	4.88	4.00
Regal Shoe	12-31-50	<b>4.13</b>	<b>6.33</b>	5.06	0.84	0.25
Starrett (L.S.)	12-31-50	<b>40.50</b>	<b>63.01</b>	41.59	NA	2.50
White Motor	12-31-50	<b>28.25</b>	<b>60.80</b>	54.24	6.14	1.60

\* For the year ending or date of latest balance sheet. NA = Not available.  
† Bid. D = Deficit.

## Ignoring the Balance Sheet

Stocks above look fantastically underpriced on basis of assets or working capital. What the market watches is profit; they sell at a reasonable five to 10 times earnings.

In spite of its setback, the bull market is still far above the levels of early 1950. And yet the market still places a pretty conservative valuation on the stocks of plenty of good companies. You can still buy the shares of the companies in the table for considerably less than their book value, just as you could back before Korea (BW—Feb. 18 '50, p.109). Some sell for less than half book value. In many cases, you can still buy them for less than the net working capital behind each share.

• **Theoretical**—However, book value per share and net working capital per share are pretty theoretical concepts. They rarely have much bearing on market prices unless it seems likely that the company involved may be liquidated. Only then would net working capital per share have much influence.

Book value is even less important in fixing market price. That's because in most cases a pretty large portion of a stock's book value is made up of fixed assets. When a company is about to liquidate, those fixed assets usually become distress items. Chances are they won't sell for what they are valued on the balance sheet.

What investors and traders really look for is the past earnings and dividends record of the company and what it's likely to do in the future. On this basis, the market price of the stocks in the table appears more reasonable.

Nearly all of them are selling from five to 10 times 1950 earnings. The 30 investment-grade Dow-Jones industrials are themselves selling, these days, a little less than eight times their 1950 earnings.

Most of these companies don't do badly on dividends. Based on dividends paid in calendar 1950, quite a few yield from 5% to 10%. That's pretty much in line with dividends of industrial companies in general. The 50 Standard & Poor industrial stocks yielded about 6.5% early this week.

• **Low Yield**—But you do have several companies in this table that don't offer very good yields. American Woolen, for instance, paid only a \$1 dividend in 1950. If the same dividend rate continues in 1951, the buyer at present price levels would get less than 3% on his stock.

Reason for the low dividend, of

course, is that American Woolen's earnings have fluctuated violently through the years. The company apparently wants to build up its resources against a future time of troubles. However, the company stock is selling at nearly 10 times earnings because higher profits are expected in 1951 and it has a good excess profits tax position.

Montgomery Ward is another company in this group with a very low yield, about 3%. The well-known conservative policy of its management is responsible for the low ratio of dividend payout to earnings. Yet the company

sells at six times earnings—a better showing than many other firms on this list—because it's in a field that is expected to do well after rearmament has cut available civilian goods.

- **Idle Funds**—Pullman, Inc., is in a different category. This stock yields about 9% on the basis of 1950 dividends. The company is in an unusual balance-sheet position because it acquired a lot of cash and equivalent assets when it was compelled to sell the sleeping car end of its business. So far, it hasn't been able to put all these funds to work in operating businesses.

## **Oil Stocks Let the Theorists Down**

Oil stocks have been a market favorite since Korea (table, below). But the popular idea that inflation favors producing companies, rather than refiners, hasn't proved out.

The theory runs like this: In an inflation, you want to buy shares of raw materials producers rather than stocks of companies where processing costs are important. That way, your profits are less likely to be squeezed by rising costs.

But the shares of the oil producers haven't done strikingly better, as a group, than the shares of integrated companies that refine as well as produce a good share of their own oil. Two of the crude producers, Amerada Petroleum and American Republics, have indeed

done better than any of the integrated producers. But shares of other crude producers haven't done so well as most of the integrated companies.

Peace rumors haven't been good for the shares of West Coast companies such as Standard Oil of California, Richfield, and Tide Water because of the special situation there. The Coast normally uses plenty of gasoline, but not much heavy fuel oil. Yet a certain irreducible minimum of heavy oil has to be produced when you refine gasoline out of crude oil. The Korean situation has boosted demand for the heavy oils thereby giving the West Coast companies an unusually strong market.

	1950 Performance			The 1951 Showing		
	Pre-Korea Level	Dec. 31 1950	% Change	Recent Level	% Change Since Dec. 31 1950	% Change Since Korea
<b>CRUDE PRODUCERS</b>						
Amerada .....	\$123.75	\$161.50	30.5	\$186.00*	15.2	50.3
Amer. Republics .....	33.50	44.50	32.8	50.00	12.4	49.3
Houston .....	55.75	61.00	9.4	61.50	0.8	10.3
Louisiana Land .....	32.63	34.88	6.9	37.38	7.2	14.6
Searched .....	74.00	77.50	4.7	79.00*	1.9	6.8

#### **INTEGRATED COMPANIES**

\* bid.      † adjusted for stock split

THE  
AMERICAN  
APPRaisal  
COMPANY



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କରୁଗୁଣୀର ବାନୀ କାଶାମାନୀର  
ପ୍ରତ୍ୟେକିଙ୍କ ହି  
କରୁଗୁଣାକର ଆଚାରାମାନିଙ୍କ  
ଶିଖାର ଦେଖ ବାନୀ  
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# DEFENSE BUSINESS

## OPS Eases Up

**Manufacturers will have more time to file new ceilings; distributors also get help. But basic rules aren't changed.**

With the print scarcely dry on many of his orders, Price Stabilizer Michael DiSalle is already busy making changes.

In the past 10 days, his Office of Price Stabilization has issued three significant modifications of major orders. But the amendments reflect no change in basic policy; rather OPS hopes they will make the stiff new controls fit better, work more smoothly.

• **Reprise for Manufacturers**—May 28 was supposed to be the deadline for filing reports under the general manufacturers order (CPR 22), the machinery regulation (CPR 30), and the textile order (CPR 37).

The reports are supposed to show base labor and materials costs, increases since Korea, and new ceiling prices. A manufacturer can use his new prices as soon as he files them—if they are the same or rolled back. If the orders entitle him to price increases, he must wait 15 days to let OPS check them.

But thousands of manufacturers haven't been able to get the necessary paper work done by the deadline date. Some couldn't get copies of the applicable order until the second week in May; others found that cost calculations for thousands of items simply require much more time than a month; still others haven't doped out the order at all.

To give manufacturers a chance to comply with the regulation, OPS has decided to extend the deadline for five weeks—to July 2. DiSalle has made it clear there will be no other extension.

• **Unsqueezing Wholesalers, Retailers**—A lot of distributors who are not covered by the retail pricing order are still doing business under price ceilings fixed last January by the General Ceiling Price Regulation. But, while they will be held to the highest prices charged between Dec. 19 and Jan. 25, some of their supplier manufacturers will get hikes—under CPR 22, CPR 30, CPR 37.

Some time in the future, OPS will put out permanent regulations prescribing the markups that dealers can apply. But these are not yet even in draft form. So to take off the pressure for the time being, OPS has issued an interim distributors order.

Wholesalers and retailers would be required to apply to new invoice prices

the percentage markups in effect during the December-January base period. There's this catch, though: The escalator works both ways; if the manufacturers' regulations require rollbacks, the distributor must apply his markup to the lowered price—that is, roll back his own prices, too. Naturally, wholesalers can't post new prices until any manufacturer increases become effective.

• **Unsnarling Small Retailers**—The burden of paper work imposed on small retailers is enormous.

When it comes to apparel, furniture, radios, TV, and luggage, most dealers can manage the figuring required by CPR 7. But where items are offered in great variety—housewares, notions, sporting goods, and jewelry—the load has frequently been great enough to make compliance impossible.

So OPS has decided to give these small-item retailers a break. They now have the option of using CPR 7 to price those variety items or of remaining under the January freeze, but only if: (1) total sales last year came to less than \$100,000; (2) sales of the affected items alone totaled less than \$60,000.

In addition, this amendment (Amend. 5, CPR 2) permits radio, TV, luggage, and furniture dealers to stay under the January freeze, if annual sales come to less than \$20,000—the option already enjoyed by apparel dealers.

## New Order to Help Tool Builders

Machine tool and machinery producers have gotten a stopgap assist from National Production Authority to help get materials until CMP takes effect. The assist—order M-61—allows producers to use a new DO number (DO-75) for supplies and components to be delivered during the third quarter.

The aim is to provide the materials and parts necessary to step up machine tools and related equipment production in the third quarter. By the fourth quarter, NPA planners hope to gear machine tool needs in with the allocation program under CMP.

• **Limits Set**—To keep the use of DO-75 ratings from getting out of hand, NPA has set limits on the amount of iron, steel, copper, and aluminum products that producers of 30 categories of machinery will be able to get.

These percentages—all based on use during the first quarter of this year—range from 90% for aluminum products for certain kinds of equipment up to 140% of base period consumption for iron and steel products.

## Aid Plans Shrink

**Even though Truman's \$8.5-billion "mutual security" program is smaller than expected, Congress will cut it.**

Last week Congress got President Truman's request for \$8.5-billion for what he calls "mutual security." Even though it's a billion under the expected figure, congressional leaders immediately began to sharpen their cutting knives.

Truman wants \$6 1/4-billion in guns, tanks, planes, and ammunition for our allies. The other \$2 1/4-billion will go for economic assistance to step up arms production.

• **Rough Sailing Ahead**—Despite the fact that the 1952 program is only \$200-million more than Congress appropriated last year (\$5.3-billion in military and \$3-billion in economic aid), it is destined for some rough treatment in Congress. Administration brass hats expect Taft followers and MacArthur supporters to line up against it. They figure that there's only a slim chance of getting the bill through Congress before mid-fall.

Truman calls the omnibus bill a "mutual security" program. It lumps together the mutual defense assistance program, economic aid—which is now tied into the military buildup—and Point 4.

• **Breakdown**—The program splits up this way:

	Economic Aid (Millions of Dollars)	Military Aid
Europe	\$1,650	\$5,240
Middle East and Northern Africa	125	415
Asia	375	555
Latin America	22	40
Administrative expenses	78	00
Total	\$2,250	\$6,250

• **How It Will Be Allocated**—Europe's \$5.2-billion military aid will go primarily to North Atlantic Treaty Organization countries—Iceland, Britain, Norway, Denmark, Benelux, France, Portugal, and Italy. But Yugoslavia, West Germany, Austria, and Trieste get shares, too. Even Spain might benefit.

Economic aid for Greece and Turkey is included in the \$1.6-billion aid for Europe. But their military aid, and that going to Iran, comes out of the \$415-million to the Middle East and Africa. Sharing the \$125-million in Middle-Eastern and African economic aid will be Ethiopia, Liberia, Libya, the Arab states, and Palestine. They aren't



## How the sensational NEW Smith-Corona takes the guesswork out of page-end typing



Set Page Gage, insert paper, start typing. Presto—red signal pops up automatically  $2\frac{1}{2}$ " from the end of the page.

Page Gage warns typist when she is  $2\frac{1}{2}$ " from the end of the page. Keeps telling her how much space is left. No more stopping to check position. No more delays for re-typing. Saves time, work, stationery.

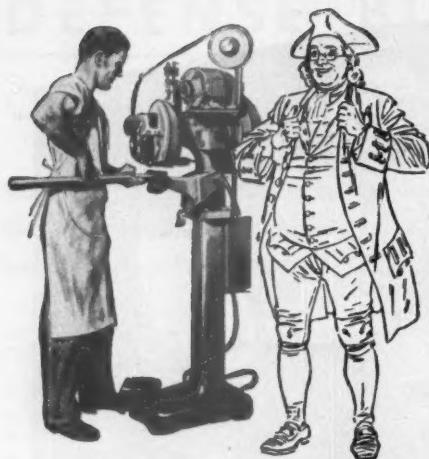
Ask for a complete demonstration of *all* the time-saving features on the all-new Smith-Corona.



THE NEW

*Luxury Typing* Smith-Corona

L C SMITH & CORONA TYPEWRITERS  
INC SYRACUSE 1 NY Canadian factory  
and offices, Toronto, Ontario. Makers  
also of famous Smith-Corona Portable  
Typewriters, Adding Machines, Vivid  
Duplicators, Ribbons and Carbons.



## "One today is worth two tomorrows."

—Ben Franklin's Almanac, 1757

Experts may disagree on the course of ye economy to-morrow; yet none disputes the healthful effect of thrift and efficiency on ye net profit after taxes today.

—Acme Steel Notebook, 1951

In spite of current shortages of some steel products, you have the opportunity to achieve greater thrift and efficiency—today.

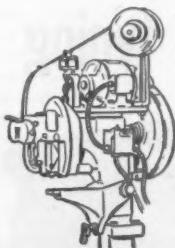
For example: you still can get Acme-Morrison Metal Stitchers to fasten metal to metal or to non-metallic materials. You can use wire stitches instead of rivets, screws, nails, bolts or spot welding. You can save substantially in time and money by doing so.

Acme Steelstrap and Acme Silverstitch box stitching wire—so vital to thrifty and efficient packaging, shipping and materials handling—are still subject to an enormous military and civilian demand. But you can still work with your Acme Steel representative on ways to increase efficiency and eliminate waste, thus stretching the supply available to you.

In these important tasks, we are ready and willing to help you today—the way we have been helping Acme Steel customers for 71 years.

**ACME STEEL COMPANY** Dept. BW-61, 2838 Archer Avenue, Chicago 8, Illinois

Write if you do not know your nearest Acme Steel Service Office—located in 41 principal cities of the United States and Canada.



### 5 things you can do to keep your Acme-Morrison Metal Stitcher on the job!

1. Clean and oil every day.
2. Never operate stitcher without material in stitching position.
3. For perfect stitching, check work regularly. If in doubt about any operating difficulty; refer to service manual (additional copies sent upon request) or submit stitched material, identified by machine
4. From time to time moving parts need replacement—keep a supply on hand to make quick, minor replacements.
5. Ask us about the Acme Steel "3-WAY SERVICE PLAN" for equipment repairs.

ACME STEEL CO.  
CHICAGO

**ACME  
STEEL**

Acme Steel employees on December 31, 1950, numbered 4,098 men and women, an increase of 8.18 per cent over 1949. Monthly employee turnover average in 1950 was only 1.7 per cent in spite of the growing manpower needs of the armed services.

ACME STEELSTRAP flat steel strapping and ACME UNIT-LOAD carload bracing BAND, SEALS and TOOLS • ACME SILVER-STITCHERS and ACME SILVERSTITCH WIRE for box stitching • ACME-MORRISON METAL STITCHERS and BOOK STITCHERS • ACME-CHAMPION BAG STITCHERS • ACME HOT AND COLD ROLLED STRIP STEEL • ACME GALVA-BOND steel slot stock for Venetian blinds • ACME STEEL SPECIALTIES, including hoops, corrugated fasteners, barbed box straps, nail-on strapping and other container reinforcements • ACME STEEL ACCESSORIES—snips, tool mounts, reel stands, coil holders, coil trays.

counted under the military aid program.

The \$555-million military aid to Asia goes to Formosa, Indo-China, The Philippines, and Thailand. Some will be held in reserve in case other Asian trouble spots break out. The same countries will share in the \$375-million economic program—plus Korea, which gets \$112.5-million for reconstruction in addition to \$50-million already on the books.

Latin America's \$40-million in military aid and \$22-million economic aid will be split up among the signatory nations to the Rio treaty of 1947.

• **Bread on the Waters**—Truman wants to give away the funds or their value in materials. His advisers say that's the only way to get Europe rearmed. Hence, no repayments program figures in.

With Latin America, it's a different story. It won't be required to repay the \$62-million it gets. But Truman wants Latin American countries to borrow funds to expand economic development. Hence, in his message he also asked Congress to increase the lending power of the Export-Import Bank by another \$1-billion.

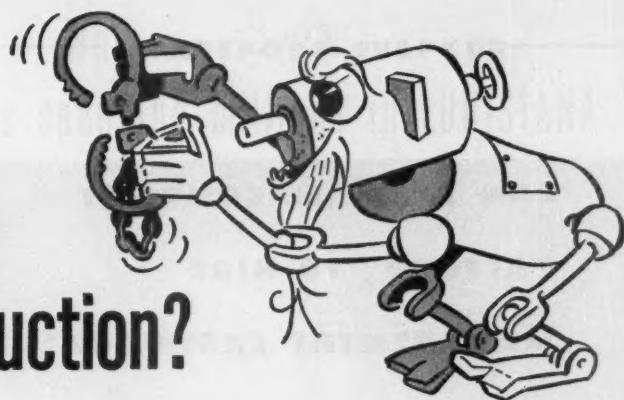
Right now, the appropriation request is in the Foreign Affairs Committee. And, according to congressional leaders, it will probably stay there some time. Before action will be taken, Congress will most likely act on the military appropriations and get the MacArthur issue off the grid.



### Air War at 3,000 mph.

Not a winged rocket but the fighter plane of the future is this delta-winged test model now being tested at Wallops Island, Va. The pilotless supersonic craft are designed to operate at 3,000 mph., at altitudes approaching 160,000 ft. Photo shows the model being prepared for launching.

# Why Let Old Equipment Handcuff Production?



**IT PAYS TO  
KEEP PACE WITH  
MACHINERY PROGRESS**

PRODUCTION STANDARDS have changed in 20 years with changes in machines and methods. But how many 20 year old machines are there in your shop . . . cutting production . . . lowering efficiency?

Higher costs and manpower shortages are growing problems. More efficient machine power may be the answer!

Allis-Chalmers representatives are skilled in analyzing production methods. They can help you check the processes in your plant against the newest Allis-Chalmers equipment. Find out how modern Allis-Chalmers equipment can help increase your production, lower your unit costs and improve your efficiency.

Call your nearby Allis-Chalmers District Office, or write Allis-Chalmers, Milwaukee 1, Wisconsin.

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are Allis-Chalmers trademarks.



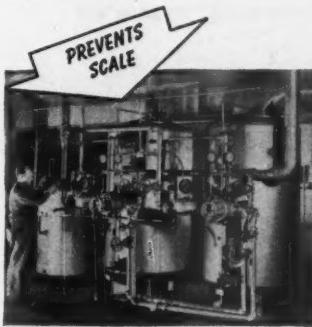
**Utah Electric Screens**

Handle fine granular materials from 10 to 48 mesh (dry) or 65 mesh (wet). Finger tip control of amplitude of vibration. *Vari-Pulse* non-blinding device cleans screen mesh automatically.



**Electrifugal Pumps**

Solid cast iron with no joints from motor end housing to pump casing assures permanent alignment. Installation is quick and easy. Pump comes ready to run. No extra parts. Requires small space.



**Water Conditioning**

Reduces costs by preventing scale in your coolant cycle; cut maintenance costs. This zeolite water conditioner is being used to guard against scale, foaming, carryover, corrosion, and expensive blowdown.



**Magic-Grip Sheaves**

Mounts and demounts faster than any other sheave you can buy. Once mounted they run true . . . cannot slip or jam. You save time and eliminate the danger of damaged bearings and shafts from forcing and hammering.

One of the Big Three in Electric Power Equipment—Biggest of All In Range of Industrial Products.



# ALLIS-CHALMERS

TRUNDEL TALKS



## CAN A SMALL COMPANY "AFFORD" TO HIRE MANAGEMENT ENGINEERS?

Early in 1950, Trundle was called in by a small eastern company. The business had lost money in ten out of twelve months in 1949. Cash was short, ratio of current assets was low.

Trundle studied both the financial and operating sides of the business. Recommendations included a revision in sales policies—setting up of detailed sales, expense and budgetary controls—establishing a marginal-income method of pricing. All were aimed at quickly reducing the break-even point.

At the end of March, there was a substantial profit. By August, this figure was nearly doubled—amounting to over 20 per cent on sales. Cash position was greatly improved, current assets and net worth had substantially increased.

*For cost-minded executives:* Trundle's fee was less than one-fourth the profit shown the first month after our recommended program was put into effect.

*Trundle works as a "team" with your executive staff—on problems involving Management Methods, Marketing, Manufacturing, Engineering Research, Industrial Relations. May we give you more information on who we serve, and how we might serve your company? Write or phone The Trundle Engineering Co., 904 Bulkley Bldg., Cleveland 15, Ohio.*

### THE TRUNDEL ENGINEERING CO.

AND TRUNDEL ASSOCIATES, INC.

CLEVELAND • OHIO

NEW YORK • WASHINGTON • CHICAGO

32 YEARS OF CONSULTING SERVICE FOR MANAGEMENT

## Building Hit Again

NPA tightens clamps on nonessential construction, hopes to increase use of other than critical materials.

NPA has put the clamps on new construction projects. Instructions have gone out to the Construction Controls Division in Washington and to the field offices. They have laid down this as the No. 1 principle in considering applications for approval of new work: "It is essential that all construction be reduced to the minimum necessary for defense."

• **Objective**—The NPA objective is to eliminate nonessential projects, defer projects not needed immediately, modify designs to make use of noncritical materials, give more favorable consideration to projects that don't use steel, copper, and aluminum, and to reduce mechanical and electrical features to bare essentials.

Local availability of materials will be something of a factor in NPA decisions, and the local labor supply may sometimes become a consideration. But neither of these will carry much weight for the present. NPA offices will consider new applications on the basis of close interpretation of the stiff criteria issued last week.

• **CMP**—Meanwhile, NPA is turning a wary eye to Controlled Materials Plan Regulation No. 6. That's the forthcoming regulation setting up the rules to govern application of CMP to construction. At midweek the regulation was expected to come out within the next few days.

The regulation will prescribe pretty much the same pattern for construction projects that was laid down May 4 for manufacturers. Each prime contractor who is building a project under an authorized program will get an authorized construction schedule. He in turn can set up construction schedules for his subcontractors and production schedules for his suppliers. They would do the same thing for their subs and producers, on down the line.

The prime contractor would then receive an allotment. He would use some of the allotment for his own work and would pass along the rest to his subcontractors and suppliers.

Each prime contractor and subcontractor also would be assigned a DO rating. This rating may be used to acquire products other than controlled materials. The allotment and rating, in effect, give the buyer a super-priority during the third quarter. But after Oct. 1, the DO rating would not get preferential treatment.

(Advertisement)

## Louisiana's Dynamic Statistics

When Louisiana developed its resources, mobilized its people and labor forces by speeding transportation over modern roads, improved their health and bettered their education, provided them with cheap power and fuel, we outgrew the nation for a decade. Now, in 1951, we are headed for new and even greater growth for we have added manufacturing to an economy already soundly and profitably based on agriculture and trading — trading with our own country and the world.

Our population is growing but not as fast as our resources are being developed. This means expanding markets, growing opportunity.

### LOUISIANA AND U. S. STATISTICAL COMPARISON

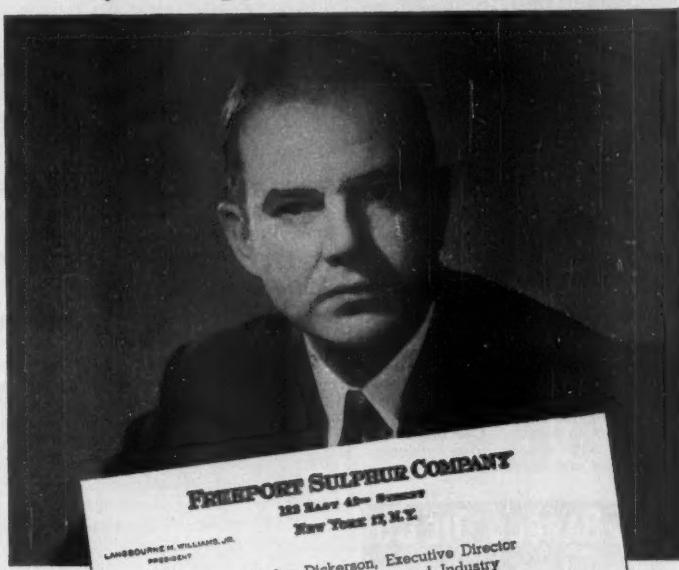
Louisiana	% Increase	LA.	U.S.
1940	1949		
Income Payments to Individuals \$1000			
847,000	2,647,000	212.5	160.4
Per Capita Income, Dollars			
359	1,002	179.1	131.0
Net Salaries & Wages \$1000			
542,000	1,648,000	204	172.5
Effective Buying Income \$1000			
789,000	2,558,000	223.8	158.0
Cash Rec. From Farm Mktng. \$1000			
92,557	336,988	262.9	237
Cash Rec. of Livestock & Prod. \$1000			
26,093	98,045	275.7	215
*Construction Contracts Awarded \$1000			
70,066	311,198	344.1	262.1
Value of Mineral Production \$1000			
136,544	634,787	364	143
Value of Manufactured Prod. \$1000			
545,265(1)	2,246,500	297	232
Retail Sales \$1000			
495,403	2,178,600	339	183
*Life Insurance Sales \$1000			
62,471	181,605	190.7	156.3
**Bank Deposits \$1000			
504,800	1,630,000	234	131.4
**Bank Assets \$1000			
600,300	1,842,500	206.9	124.8
Value of Exports (at N. O.) \$1000			
223,354	809,200	262	110.7
Value of Imports (at N. O.) \$1000			
101,250	424,100	318	95
Rev. Freight Orig. 1000 Tons			
15,042	20,090	33	22
Rev. Freight Term 1000 Tons			
15,602	24,801	58	16
Total Elect. Energy Prod. M KWH			
2,613.1	6,423.5	145.8	91
Total Electric Customers			
314,545	620,393	97	41.9
No. of Farms Electrified			
18,301	115,300	503	130.6
*Crude Oil Production 1000 Bbls.			
103,584	209,116	101.8	45.7
(2) Nat. Gasoline & Allied Prod. 1000 Gal.			
296,074	705,088	158	87
Net Production of Natural Gas MCF			
414,000,000	805,726,000	94.6	88
Salt Tons			
1,132,594	2,812,718	104	50.4
Sulphur Tons			
543,004	1,134,185	106	85

\*1950 \*\*June 30, 1950 & Jan. 29, 1940

(1) 1939 (2) 1942

Any business man knows how statistics can be handled. However we invite the most searching analysis of those we have used. Our State Board of Commerce and Industry has the detail. Won't you ask for it?

## Why FREEPORT SULPHUR is spending millions in LOUISIANA



### FREEPORT SULPHUR COMPANY

102 EAST 42nd STREET  
NEW YORK 17, N.Y.

LANGBOURNE M. WILLIAMS, JR.  
EXECUTIVE DIRECTOR

Miss Mary Evelyn Dickerson, Executive Director  
State Department of Commerce and Industry  
Baton Rouge, Louisiana

Dear Miss Dickerson:

In the past several years Freeport Sulphur Company, which has been active in Louisiana since the early 1930's, has carried out a \$7,000,000 expansion program at our sulphur mine in Plaquemines Parish. Now we are launching a new program of exploration and expansion which will involve spending many millions more in Louisiana. A sulphur mining plant will be built in Terrebonne Parish, and extensive exploration will be done at four other locations within the state. Such exploration if successful could lead to still further plant construction and operation.

Sulphur mining is a hazardous undertaking calling for considerable risk capital in the face of many technical problems. In our decision to embark upon this expansion program as well as in the decisions of others who engage in new ventures Louisiana's bountiful natural resources — such as cheap natural gas and deep water transportation — and the tax incentive offered to new enterprises are important considerations.

Faithfully yours,

*Langbourne M. Williams Jr.*

Langbourne M. Williams Jr.



# Louisiana



STATE BOARD OF COMMERCE & INDUSTRY, BATON ROUGE, LA.  
MISS MARY EVELYN DICKERSON, EXECUTIVE DIRECTOR



## Is Paraffin DOING THE JOB?

Possibly so, but — • Higher Melting Point • Increased Sealing Strength • Increased Flexibility • Increased Grease Resistance • Increased Mar Resistance • Reduced Blocking are possible by small additions of correctly selected grade of Bareco Microcrystalline Wax to paraffin. One of our 19 grades will answer your problem. Write for samples today.



**REZNOR**  
*World's largest  
selling gas unit heater*

Hung from ceiling or mounted on floor

June, July and August . . .

These are the months to buy REZNOR heaters for year-around comfort . . . lots of heat in winter, air circulation in summer. Reznor gas heaters are used singly or in multiples for any commercial, industrial or residential space requirement. You will agree that these heating machines lead all others in appearance, performance and economy.

**REZNOR MANUFACTURING CO.**  
3 UNION ST. - MERCER, PENNA.  
Send me 20-page catalog in full color.

Name \_\_\_\_\_  
Firm \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

## CHECKLIST: Defense Regulations

The following listing and condensed description cover all the material and price-control regulations issued by the defense agencies during the preceding week.

Full texts of the materials orders may be obtained from National Production Authority, Washington 25, or from any Dept. of Commerce regional office.

Full texts of the price orders may be had from the Office of Price Stabilization, Washington 25, or from the regional OPS office in your area.

### Materials Orders

**Rubber:** 30-day inventory limit on tires is applicable to every stage of distribution. M-2 as amended (May 21).

**Steel:** Provides that converter customers of steel producers will receive a minimum of 90% per month of average base-period tonnage. Also changes lead time for acceptance of DO orders on July shipments of carbon steel from 45 to 30 days. M-1 as amended (May 18).

**DQ-97 ratings:** Permits increased use of DQ-97 ratings from 100% to 120% of amount spent on maintenance, repair, and operating supply items during base period. Reg. 4 as amended (May 22).

**Mining machinery:** Returns to NPA

allocation and priority controls for manufacture and distribution of mining machinery. Del. 5 as amended (May 22).

**Controlled materials exports:** Delegates authority to Office of International Trade to assign DO ratings for procurement of controlled materials for export. Del. 12 (May 23).

**Copper and copper base alloys:** Producers have been notified that limitation on acceptance of DO orders for July will be increased substantially. Formal amendment to M-11 will be issued shortly (May 19).

**Aircraft instrument bearings:** Authorizes Secretary of Defense to permit rescheduling of deliveries of instrument bearings for military aircraft production. Del. 1, Suppl. I as amended (May 1).

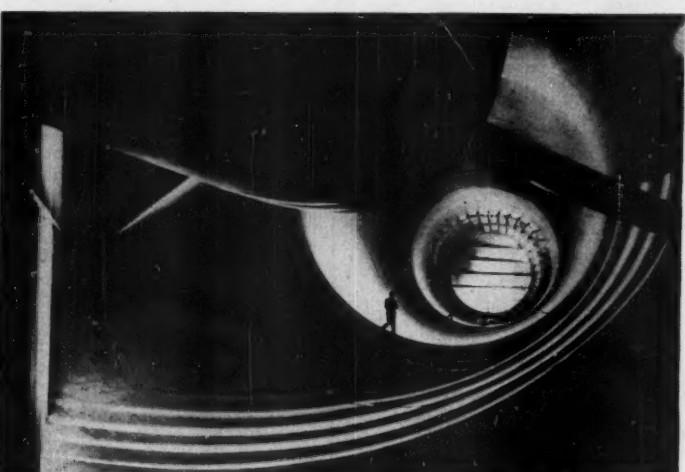
**Construction:** Sets forth criteria for processing applications for NPA construction authorization with complete set of interpretations and definitions of the basic construction order M-4 as amended (May 25).

### Pricing Orders

**Kosher beef at retail:** Revises original order and corrects errors in calculating the original prices to bring prices of kosher beef cuts in line with ceiling prices for similar nonkosher cuts. CPR 26 revised (effective May 21).

**Military items:** Exempts industrial manufactured goods of a strictly military nature from all OPS price control. COR 9, Amend. 1 (effective May 28).

**Coke and coke chemicals:** Brings dis-



## Wind Tunnel Will Test Transsonic Models

That dreadful bug-eyed glaring down at the tiny man is really the turning vanes of the transsonic wind tunnel at Langley, Va. The man is walking on the rim of the 16-ft. tunnel, whose vanes are powered by

two 30,000-hp. motors. Guided missiles and pilotless aircraft models—with speeds as high as 3,000 mph.—are now being tested here by experts of the National Advisory Committee for Aeronautics.



## They both mean business from start to finish!

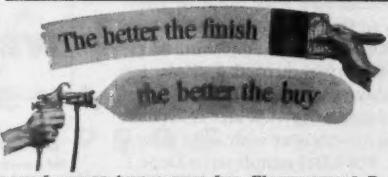


OFFHAND you'd probably say that office equipment and bazookas have practically nothing in common. Actually, in one very important respect, they are as alike as can be. That's their dependence on specially developed finishes.

Both must be finished to resist corrosion, to stand rugged service without chipping. Business machines must be finished to resist the wear of daily use, constant cleaning, and acid action of perspiration. Bazookas must have special finishes to resist the corrosive action of salt water, abrasion and the high temperatures of exploding projectiles.

There is much in this world of ours today that owes its smart appearance and its long life to Quality Industrial Finishes. Whether it's weapons or other equipment for our armed forces, or the countless products you use daily, the *finish* is of first importance! So ask about the finish on everything you buy, and you'll buy wisely for the future.

**For manufacturers only:** Whether you are producing for the armed forces or for civilian needs, consult your Industrial Finishes Specialist. He's the technically trained, sales and production-minded representative of your Industrial Finishes supplier. He can solve application problems, perhaps cut production costs, increase the quality of your products. Remember... more and more of your customers start buying with the *finish* in mind!



# HOW TO IMPROVE YOUR FLOORS WITH KWYKWAX



**GLOSS** — a high, hard luster — breathes life into even the oldest flooring. Kwykwax produced a rich-looking sheen on this well battered linoleum without buffing or polishing . . . and new floors respond like magic! A deep, long-lasting gloss that will not darken wood or other surfaces. After heavy traffic wear, a light buffing brings back new, brighter sparkle.



**PROTECTION** saves floor repair. Kwykwax resists hot and cold water. Won't spot or peel . . . even after long, "rainy day" exposure. Repeated application puts worn floors back in shape.



**SAFETY** is only good business sense. So too is Kwykwax, listed by the Underwriters' Laboratories as an anti-slip floor treatment. Ask the ladies — soon as your floors are Kwykwaxed!

An independent survey\* proves it! Recently, field and laboratory tests were conducted without favoritism on a wide range of flooring materials. At the request of a well-known association. Of 26 water-emulsion waxes tested, only Kwykwax earned a triple top rating in the three main classifications: Gloss . . . Mar-resistance . . . Water-resistance. Compare your present wax with a test sample of Kwykwax. For a free sample write Dept. 1.

\*Ask your West representative for a copy of this wax evaluation report.



**APPEARANCE** and application go hand in hand. Kwykwax spreads on smoothly. No lapping, streaking or dull, worn traffic paths. A non-tacky finish means floors stay cleaner.



**HARDNESS** can be easily tested. Ask a West representative to coat a standard test sheet with your present wax — and Kwykwax. Scratch both with the edge of a coin. Be your own judge!



**ECONOMY** here can mean extra profits. There's 1500 to 2000 sq. ft. of coverage in every gallon of Kwykwax! Squeeze it out . . . the thinner the coating the better. Use less wax for better-looking floors.



42-16 West Street  
Long Island City 1, N. Y.  
(64 Branches in the U. S. and Canada)

tributors of coke, coal chemicals, and coke oven gas under the regulation. Also prohibits distributor from charging a higher price f.o.b. plant than the ceiling price established for the plant. CCPR Suppl. Reg. 13, Amend. 1 (effective May 28).

**Wood futures:** Sets new ceilings on wool and wool top futures traded on the Wool Associates of the New York Cotton Exchange at \$3.895 and \$3.22 per pound respectively. CPR 20, Amend. 1 (effective May 28).

**Machinery:** Permits manufacturer with gross sales below \$250,000 to elect to price under GCPR or CPR 30, as he prefers. CPR 30, Amend. 2 (effective May 28).

**Aircraft:** Places aircraft and parts under OPS control except when sold to federal defense agencies and designed to meet military needs exclusively. CPR 30, Amend. 1 (effective May 28).

**Fish meal and scrap:** Sets dollar-and-cents ceiling prices at processor, importer, and distributor levels for fish scrap, meal solubles, and specialty fish feed products. CPR 39 (effective May 29).

**Wood pulp:** Excludes wood pulp from CPR 22. It will remain under GCPR until special regulation is issued. CPR 22, Amend. 5 (effective May 28).

## New Contracts Speed Service Lumber Buying

The armed services have Gargantuan appetites for lumber, especially in time of emergency. To speed up procurement, two new types of contracts have been evolved by the Corps of Engineers' Army and Navy Lumber Branch, which handles purchasing for all the services.

The new contracts are:

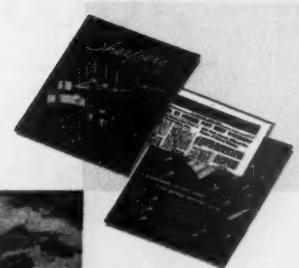
- The mill storage contract. The Lumber Branch has placed firm-price contracts for 2-million bd. ft. of lumber with various mills. It hopes to be able to build up a 12-million bd. ft. supply eventually.

- The contractor-operated storage yard contract. The Lumber Branch has arranged for storage and handling of 9-million bd. ft. of government-owned lumber with the Lumber Distribution Co., Inc., of Petersburg, Va.

**The Pictures—Cover by Bob Isear.**  
Acme — 126; Joern Gerdts — 47,  
78, 79; Int. News — 130; Bob Isear  
— 22, 23, 56, 102 (top, ctr., bot.),  
103; McGraw-Hill World News —  
140, 142; Magnum — 137; Harry  
Rubenstein — 34; Dick Wolters — 19,  
54 (top, bot. rt.), 55.

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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

JUNE 2, 1951



## Washington thinks General Van Fleet has broken the back of the Chinese offensive in Korea.

As Pentagon officials see it, the enemy won't be able to launch another big push for several months. The Reds have lost most of their equipment in the recent fighting. And that's harder to replace than the manpower that's been wiped out.

## Washington's problem is how to exploit this victory in Korea.

You can be sure the U. S. will first look for a diplomatic settlement via the United Nations.

But what if the Chinese Reds aren't interested? Then the U. S. probably will be forced to try for a military knockout. We can't go on fighting there forever.

## Getting a common U. N. front on Korea won't be easy, now that the State Dept.'s China policy has hardened.

Asst. Secretary Dean Rusk has the British and French jittery because of his recent talk of overthrowing the Peiping regime (BW-May 26 '51, p156).

If the British hadn't been so preoccupied with Iran, Rusk's speech might have brought another open split between London and Washington.

London and Paris are having their own differences in the Far East.

## At a recent joint defense conference in Singapore, the French pushed for a unified Anglo-French strategy—with Indo-China getting priority.

The British turned this down, partly because India's Prime Minister Nehru still frowns on French policy there.

This Anglo-French split doesn't seem so important right now. There's a lull in the Indo-Chinese fighting, and the British think they have the Communists under control in Malaya. But there's some logic in the French argument: Let's get a unified command before the next Red offensives start.

## John Foster Dulles is off to London on Japanese peace treaty business. His mission is to hammer out final agreement with the British.

Dulles will first have to find a formula leaving the fate of Formosa to a later, undefined date.

Then he'll tackle the thorny problem of whether Chiang Kai-shek should be in on the signing. The State Dept., Britain, and many other nations prefer to postpone the decision—perhaps leaving it up to the Tokyo government. But Chiang backers in Congress are sure to demand that the Chinese Nationalists sign in the name of China.

## The crisis in Iran looked a little less dangerous this week. There were signs that the Teheran government might even negotiate a settlement of the oil squabble with Britain.

But things won't really calm down in Iran until there is a strong government—strong enough to get tough with the religious fanatics and the Russian stooges. Premier Mossadegh is a sick old man. What's more, he's a visionary, a sort of Henry Wallace of Iran.

## There's always the danger, of course, that the Russian-sponsored Tudeh party will start a revolt if a British-Iranian compromise is arranged.

Stalin's game might be this: Force London to move in troops to protect British lives and property. Then, instead of sending Russian troops into

# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

JUNE 2, 1951

northern Iran, form a coalition between the Tudeh party and the fanatical nationalists. This coalition would wage a "war of liberation" a la Korea.

Opposition to Franco seems to be growing in Spain. There are signs that a united front may be forming between the Monarchists, Republicans, Democrats, Socialists, and even Anarchists.

Apparently there's fairly general agreement among the anti-Franco groups on two points:

(1) Franco must be overthrown without civil war.

(2) A constitutional monarchy under Don Juan is the only alternative to Franco.

Some members of the Catholic organizations in Spain are behind such a program. So far, though, the army seems to be solidly back of Franco.

An American—not a Briton—will be supreme commander in the Mediterranean.

Gen. Eisenhower has put his foot down firmly on this point. He wants the vital sea post under a U. S. admiral who'll report directly to him.

The Attlee government tried to resist that decision—remembering the rumpus in Parliament when an American got the Atlantic command post. But British military men now are inclined to agree with Eisenhower—considering the big number of U. S. ships in the Mediterranean and our World War II experience in operating carrier task forces.

Gen. de Gaulle and his followers are riding high in the French election campaign. (Election day is just two weeks off.) The General himself is leading the fight—with 50 speeches in 24 cities throughout France.

Top de Gaullists say they'll take 200 out of 624 seats in the new Assembly. If they're right, no French government could be formed without de Gaulle. And, say some observers, "A government with de Gaulle is likely to be a de Gaulle government."

Early returns from Italy's local elections show that the Communists are taking it on the chin in some of their northern strongholds.

It will greatly strengthen the West if the final tally shows cities like Genoa, Milan, Venice, and Bologna safely in anti-Communist hands. For example, U. S. arms aid has been diverted from those cities because of their Communist administrations.

But there's no kidding over the fact that the Reds remain a strong force in Italy. At midweek, their popular vote appeared as high as it was in 1948.

Observers in London and Paris put no stock in talk about an upward revaluation of European currencies.

True, the United Nation's Economic Commission for Europe advised non-dollar countries to upvalue—to ease the impact of sky-high import prices. But no government is seriously considering the move right now.

Britain, for one, feels its balance of payments outlook is precarious, worries that a revalued pound would be hit by a wave of short-selling if the payments situation worsened.

Also, revaluation would meet stiff U. S. opposition. It would export some of Europe's inflation to the U. S.—just when Washington is discussing foreign aid. Congress might not take kindly to the extra burden.

# BUSINESS ABROAD



HONG KONG grows rich on western goods flowing into hostile China. Reds are screaming as U.N.'s embargo threatens to limit trade.

## Can Trade With the Enemy Be Halted?

Not long ago a German miner managed to escape from the Soviet uranium mines at Aue, in East Germany near the Czechoslovak border. He reported to western authorities that working conditions at the time had improved recently, now that much new machinery had become available. He spoke of drilling and pumping equipment—all bearing the trademark of well-known West German firms.

That's just one grotesque sidelight on the problems of East-West trade. That uranium mining equipment may well have been O.K.'d by experts as nonessential for war-making purposes and have gone to the mines legally from the West. But legal or illegal, the story makes mighty unpleasant reading.

• **First Steps**—This week the problem of trading with the enemy was boiling furiously in Washington and other capitals of the western world. Through the tangled maze of piers and alleys in Hong Kong, through the grimy ports of Western Europe, and across the Iron Curtain frontier, essential goods were reaching the Communist world. Everyone agrees that something has to be done to stop it. Indeed, some important steps have already been taken:

• A United Nations embargo on war goods for Red China has been

voted. All nations—save the Soviet bloc—say they'll cooperate.

• The U. S. Congress has sent a legislative rider to the White House cutting off U. S. aid to any nation that sends strategic materials to the enemy.

• Washington has slapped a ban on all U. S. exports of strategic materials to West German firms found to be involved in sub rosa trade.

These moves are only a beginning. The U.N. embargo on China is a limited action—to discourage the aggression in Korea. The steps taken to curb trade with the European satellites are limited, too. But Moscow and Peking can't help but note the implicit threat. If the Korean war doesn't stop or the embargo proves ineffective, the U. S. will insist on a naval blockade of the China coast.

What's more, the present mood of Congress seems to be slowly moving toward the declaration of all-out commercial war, severing all commercial relations with the Communist countries.

### I. The Problem in Europe

Our own official trade with the nations behind the curtain is rapidly approaching zero. Not so with Western

European nations. Last year the Marshall Plan countries sent \$232-million worth of machinery and transport equipment to the East. That's an increase of \$118-million over 1948 levels, \$44-million over 1949. In the meantime, U. S. sales of these items to the Communists dwindled to only \$3-million last year.

Today, the Russians have about 100 vessels abuilding in European shipyards. Sweden is working on 45 steel trawlers; tankers, motor ships, whalers are on the ways for the Soviets in Denmark. Others are under construction in Belgium and Italy.

Building these ships was given the green light by ECA officials in Paris. It's in line with general U. S. economic policy to expand normal East-West commerce as much as possible. That helps the Marshall Plan goal of getting Western European economies functioning again. In return, of course, the ECA nations get important raw materials from the East.

• **Real Trouble**—Blocking East-West trade completely with a widening economic war would mean real trouble for Europe. It doesn't have the dollars available for large-scale purchases of grain, coal, and lumber in the high-price U. S. market. Nor does the U. S.

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That's why our Allies worry about the Congressional rider. They claim that commercial relations aren't maintained with the Communists because of sentiment; there's simply no other choice. They'll fight tooth and nail against any U. S. policy toward economic warfare.

The biggest problem is in West Germany—where, incidentally, we still hold important controls. The export of vital machinery from West to East has increased 20-fold since 1948. Official West German trade in machinery with the Soviet bloc last year was \$30-million; all other items amounted to \$40-million. That's legal trade. The estimates of some deputies in the Bonn Parliament put the total black market trade at around \$300-million. And it's no secret that the black market thrives on items like ball bearings, machine tools.

Legal trade between West Germany and China was a piddling \$413,000 two years ago; last year it skyrocketed to \$12-million. You can be sure that the illegal trade is many times that. And there are many indications of a rising German-Chinese trade since Korea.

• **Shipping Line** — The Chinese trade with the two Germanies and the satellites has boomed so that a special Chinese-Polish shipping line has been set up, with Gdynia as home port. Suez Canal authorities report that tens of thousands of tons of steel pipe, rails, and other materials have passed through the canal, China-bound.

U. S. Senators delving into East-West trade have called U. S. High Commissioner John McCloy to testify on what's going on in Germany. Yet there hasn't been much he could do to stop delivery of war essentials to the East. It was only a year ago that the Administration—under Congressional pressure—eliminated many Allied controls on German foreign trade.

Bonn authorities promise to crack down hard on the black market. That, plus U. S. warnings, will put a bad crimp in the illegal trade. But it won't stop it.

#### II. The Problem in Asia

It's doubtful that the U. N. embargo can completely halt the flow of war-essentials to Red China through Hong Kong, boom town of the Korean war, through the Portuguese treaty port of Macao, and by sea. But already the shoe is pinching: Peiping last week let loose a vicious blast at the West—especially the British—for the embargo and warned that consequences will be forthcoming for those "hostile acts toward China."

Last year Hong Kong's trade with Red China ranged around \$250-million. In the first quarter of 1951 it nearly doubled that annual rate. It's bound to drop some now, though. The British are enforcing their embargo on rubber and petroleum. Together with the U. S. consul general, they're doing their best to ride herd on export licenses. Still there are plenty of legal and illegal items sneaking in.

• **Naval Blockade?**—Congress is in a lot less benevolent mood toward Hong Kong than toward West Germany. A move toward a naval blockade is sure unless fighting stops soon. Our Allies quail at the thought. They think a blockade could hardly be effective, and we'd run the risk of uselessly sacrificing Hong Kong.

The U. S. skirts aren't completely clean. We have had a total embargo on trade with Peiping for some time—yet goods continue to seep in. In Hong Kong proper, it's said that steel for a new Communist state bank has come from U. S. suppliers. Made-in-U. S. pharmaceuticals are moving into Red China via Hong Kong. And other reports indicate that Formosa traders are in the black market—Formosan sugar is on sale in Shanghai. So are antibiotics legally imported into Formosa and then smuggled to the mainland. One prize rumor states that one of the biggest Hong Kong traders doing business with the enemy is a Chinese Nationalist bigwig.

A large part of the illegal trade with China is transported by freighters of Greek and Panamanian registry—owners unknown. Several of these have been stopped by British and Formosan warships. But you can't get them all without a naval blockade—which creates political and legal difficulties. And even that leaves plenty of loopholes.

#### III. Dilemma

The problem of trade with the enemy leaves the West on the horns of an economic and strategic dilemma. The U. S. believes—and its Allies largely agree—that any items that add to communism's war-making powers must be kept out of the channels of trade. Yet, short of all-out war, they don't feel they can rob Western European nations of essential products of the East—like grain, timber, nonferrous metals.

In the case of the Far East, Britain argues, we can't cut off Hong Kong's food and water supply by completely halting trade with Red China.

Paul Hoffman, former ECA chief, has cited this example: Italy had a trade agreement with Russia to send, among other things, 60 locomotives for Soviet mines. But in return, the Italians received iron ore, pig iron, steel ingots, manganese, copper, and wheat.



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## Boom Town in Mexico

Guadalajara lures U. S. business with promises of cheap power, fast transport, tax concessions, and plenty of labor. It already has Celanese Corp., Sears, Roebuck, and Coca-Cola.

The welcome mat is out for U. S. business in Guadalajara, Mexico. This old city, for 400 years a center for the pottery trade and tequila (Mexico's national drink), has suddenly awakened and is bent on becoming a first-class industrial center. The local boosters are out in force; there's hardly time for a siesta.

Guadalajara—288 mi. west of Mexico City—is probably the fastest-growing city in a fast-growing country (BW—Oct. 28 '50, p. 117). And it has baited its hooks carefully for U. S. businessmen. There's a newly inaugurated \$10-million hydroelectric powerplant and a gleaming modernistic airport, said to be Mexico's finest. The city fathers promise

new business cheap power, fast transport, tax and land concessions, plenty of skilled and unskilled labor.

• **Good Company**—And if you do set up shop in Guadalajara, say the natives, you'll be in good company: Already on hand are Celanese Corp., Sears, Roebuck, Corn Products Refining Corp., Coca-Cola, Pepsi Cola, and several U. S. agricultural implement firms. Mexican business is there in the form of a paper mill, seven textile plants, 11 vegetable oil works, several chemical plants. In all, 26 new industries have moved in during the past two years.

• "Shambles—of Reconstruction"—Last month, some leading New York bankers got a look at the city and got a strong dose of local boosterism in the bargain. Besides being guests at the Mexican Bankers Assn. annual convention there, the U. S. visitors were herded around town to see all the frantic activity, were wined and dined with a fiesta at one of the tequila factories. Said one banker on returning: "The place is a shambles—of reconstruction. It's sure to be a power in Mexican business before long."

There's a whirlwind of replanning, rebuilding, drum-beating. The Tapatios (as Guadalajara folk are called) have swept away historic buildings and churches in their effort to widen the streets. Main Street, Guadalajara, looks now like Main Street, U.S.A.—complete with shiny U. S. auto salons, air-cooled restaurants, and Sears, Roebuck store (pictures, page 140).

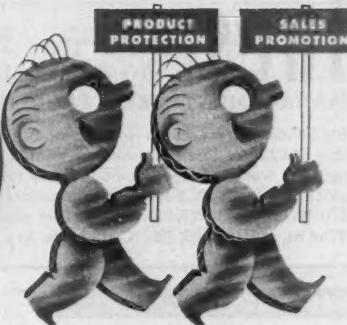
Besides the new hydro plant and the airport, Guadalajara is building a water system for a population of 1-million (its present goal), a new rail terminal, a bus terminal, a four-lane superhighway to the airport, cutoff roads to eliminate trucks from downtown areas, new parks, new sewerage and drainage facilities. The money is coming from local funds and the federal government's lending agency—Financiera Nacional, backed partially by U. S. Export-Import Bank.

• **The Driver**—Spark plug of the development is Jesus Gonzalez Gallo, governor of Jalisco state where Guadalajara is located. He's engaged in a personal running fight with Monterrey, long Mexico's second city and a leading industrial center. Gallo is determined the Guadalajara population (300,000 plus) will pass Monterrey's 329,000 and become second only to Mexico City.

Gallo has set his sights especially on attracting foreign businessmen to Guadalajara. Besides his offers of concessions and cheap power, he's set up an industrial public relations office in town.

• **Skilled Labor**—He's particularly proud of the labor situation. To staff its hoped-for industrial boom, Guadalajara has built a fine engineering school. It's the \$5-million Instituto Technologico of the University of Guadalajara.

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The First Lady of Argentina is now in the grocery business. That makes her just about the busiest and most glamorous grocer in the world, let alone Argentina.

The lady, of course, is Senora Eva Peron—politico, labor czar, and dynamic helpmeet of Argentina's President-General Juan Peron. Lately she has expanded her woman-killing schedule to include operation of a chain of 17 low-cost grocery and liquor stores. Seven more stores are about to open; plans for 76 others—to be scattered throughout Argentina—are in the works.

• **Foundation**—The stores, called the "Eva Peron Provision Markets," are the latest charitable venture of the Eva Peron Foundation, the huge social welfare organization run by the First Lady. The foundation is just about Argentina's biggest enterprise, with an income of upwards of \$100-million yearly. It was set up in the early days of the Peron regime to replace the Sociedad Beneficencia, traditional first-family welfare group that was abolished when its social leadership snubbed the president's wife.

Merchandising is a fairly new field for Senora Peron and her foundation. But there have been other business gestures in the past—running restaurants, low-cost housing, an occasional sally into the drug market in connection with the

foundation's health activities. For a while, Senora Peron was a force to be reckoned with in the tire market, facilitating the issue of permits to buy new tires (local manufacturers furnished the tires—gratis) and once in a while do-nating new tires to deserving cab drivers.

• Success—The Eva Peron Markets—all spick and span with blue and white tiled fronts sporting the Peronista party shield—are a howling success. They've all been carefully located; the Ministry of Commerce & Industry was ousted to make room for a central branch in midtown Buenos Aires. And special police have been assigned to keep the queues in front of the stores in line.

Inside, the markets are underselling their competitors on most items (soap, mustard, toilet paper, and blended "Scotch" whisky are some). That's because suppliers have made price concessions or have held on to stocks of scarce items to help out the foundation. For example, the Peron markets are able to offer rice, practically unavailable elsewhere.

## BUSINESS ABROAD BRIEFS

Royal filip for the New York public relations firm of Roy de Groot Consultants: Yugoslavia's former King Peter and Queen Alexandra have joined the de Groot outfit, will be available for consultant service and "public appearances for a limited number of prestige clients."

**Latin American notes:** Monsanto Chemical Co. has set up a subsidiary in Sao Paulo, Brazil, to be South America's first producer of vinyl chloride plastic. Brazilian raw materials will be used when the plant starts operating sometime in 1952. . . . Foreign oil companies will subscribe \$22-million to help Venezuela dredge the mouth of Lake Maracaibo. The project will allow ocean-going tankers to load up right at the oil fields. . . . Cattlemen in northern Mexico are going to build a meatpacking plant to speed shipments to the U.S.—result of a Washington decision last year to allow Mexican canned meat in the U.S.

Italian workers will ease the labor shortage in Britain's coal mines. So far Britain's National Coal Board has recruited 330 Italians; some 250 others have been engaged to help out in Welsh iron mines.

Willys-Overland hit a new export high last month. Orders rolled in for \$8.5-million worth of jeeps, bringing the backlog of unfilled export orders to a record \$16.6-million.

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## Let's Not Be Misled on Materials Deal

When Aneurin Bevan resigned from the British cabinet in April, he let go a blast at the "lurching" U.S. economy, which, he charged, was "hogging" the world's raw materials.

Bevan's castigation of us can readily be written off to campaign oratory, but one aspect is worth a second look. Clever politician that he is, Bevan chose the issue of fair shares in raw materials to justify his resignation to the British people. He thought it a politically shrewd appeal, one he was willing to exploit for all it was worth, whatever the cost to the unity of the two leading partners of the free world.

Bevan's explosion highlights a tough problem: How do the nations of the Grand Alliance against communism divvy up the scarce materials that we need to rearm, to maintain civilian supply, to expand capacity, to produce essential exports?

Here in the U.S. we are in the midst of trying to deal with the same matter on a national scale. There's not enough steel, aluminum, copper, and other things to go around. Defense orders, conservation orders, allocations, and now the Controlled Materials Plan have been devised to channel short materials to defense and defense-supporting needs, deny them to nonessential ones.

The problem is the same on the international scale, except there the claimants are sovereign nations. The anxieties, disappointments, and sense of bad treatment are only magnified.

This raw material problem was a knotty one in World War II. But then several factors eased the task of the Combined Raw Materials Board:

- Only two nations were involved—Britain and the U.S. (Canada came in as a partner on some decisions.) This time there are no less than 68 nations of the free world with a stake in the matter.

- Controlled shipping helped a great deal in carrying out decisions. Now there is no such mechanism.

- Price control was better established and supported than now.

- All-out war created an atmosphere of give-and-take and of sacrifice. Now, with rearment on only a limited scale, every nation hopes to keep civilian consumption, investment, and production for export at the highest level possible. In this not-war not-peace condition, bickering and suspicions thrive.

### Slow Start

To try to deal with this share-out of the scarce things, the International Materials Conference has met in Washington for four months. Results have not been impressive (BW—May 26 '51, p113). But the problem has been dramatized, the trouble spots highlighted. For example, Indonesia, key supplier of rubber and tin, in-

sists on going it alone. Consuming nations have been eager to get on with allocations, producers not so eager. The conference's commodity committees obviously have not been given authority to act.

Hanging over the immediate issue of cutting the pie of available supplies is the grimmer one of making up the long-term deficits, so that rearment and a tolerable civilian standard of living can be carried indefinitely, if need be. The copper deficit is put at 600,000 tons a year, zinc at 250,000 tons, lead at 200,000 tons. The answer is substitutes and, basically, more production. But primary producers, mindful of their feast-and-famine history, are not champing at the bit to expand without some kind of guaranteed markets. This is a tough nut, which present high prices alone will not crack.

A good deal remains to be done to whip this problem. Certainly we must put the raw materials allocation project into firmer and more powerful hands; we must review U.S. stockpiling policy to avoid the panic consequences it has had in the past year; Western European nations must act directly or try to influence their primary producing areas to hold down speculative price increases; we must rush plans, Point 4 and others, to expand output of these key items.

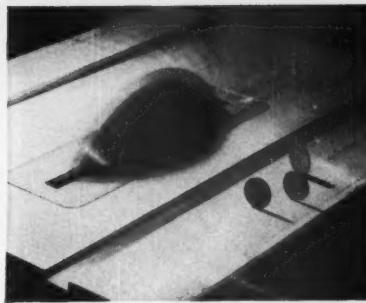
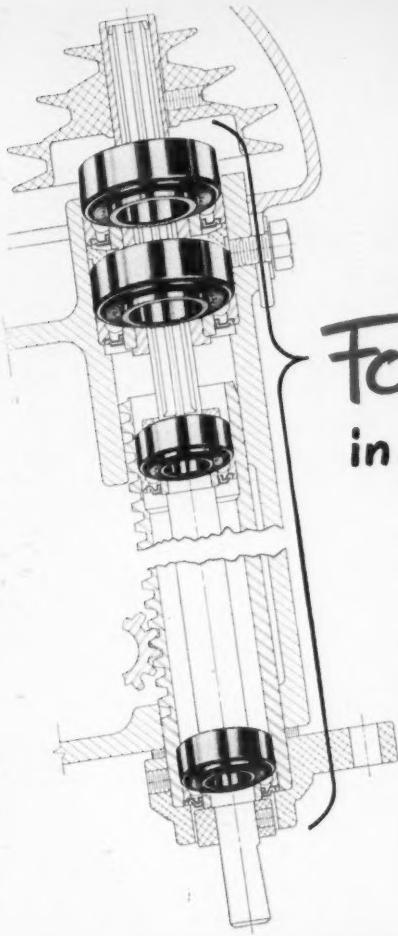
At all costs our raw material troubles must not be allowed to envenom the Grand Alliance. Nye Bevan's poisoned appeal must not succeed.

## Blondes and Butchers

The new price lists on beef may put the butcher and his customer back where they were in World War II. Then OPA tried to spread meat supplies evenly by price control and rationing. The system creaked and groaned. Also it gave rise to an astonishing display of customer wiles, which butchers learned to fend off or to profit by.

The butcher, forced for six years to keep his customers happy in the face of high and rising prices, now finds his supplies cut short at the wholesale level. As sure as Mike DiSalle has made golden ragout out of plain stew meat, it will again be the housewife's turn to wheedle.

The next step is suggested by a tale from Britain. There the butchers complained to the Assn. of Magistrates that the food office had sent a "smashing blonde" around to find out how well they held to the letter of the law. In a single day six yielded to her smile and sold her off-ration steak. The secretary of the magistrates thought it "quite unfair" of the food office to pursue such tactics. What the regular customers thought, seeing themselves out-smiled after weary years, does not bear repeating. The lesson, however, is clear. When price control comes full circle it is blondes who win.



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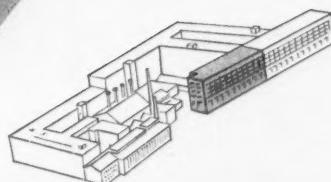
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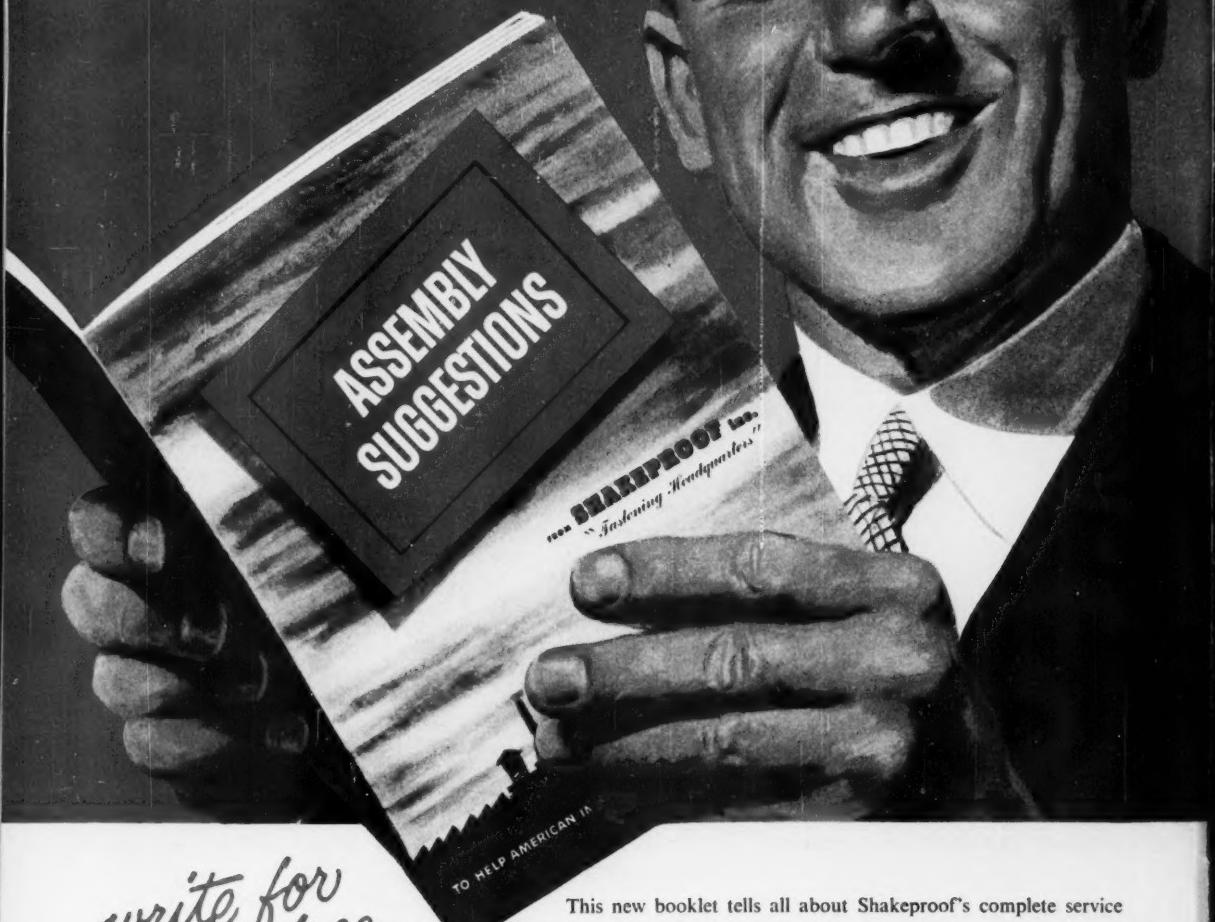
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